

Allianz Global Investors Asia Fund

Annual Report

For the year ended 30 June 2020

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Management and administration

Manager

Allianz Global Investors Asia Pacific Limited (the “Manager”)
27/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Sub-Managers

Allianz Global Investors US LLC
600 West Broadway
31st Floor, San Diego
CA 92101
United States

Allianz Global Investors GmbH
Bockenheimer Landstrasse 42-44
D-60323 Frankfurt am Main
Germany

Directors of the Manager

Mr. Raymond C.K. Chan
Mr. Kam Wah Ip (Resigned on 21 September 2020)
Mr. Ka Yiu Desmond Ng
Mr. Daniel Lehmann
Ms. Tze Ling Yu
Ms. Wun Wun Lung (Appointed on 21 September 2020)

Trustee and Custodian

HSBC Institutional Trust Services (Asia) Limited (the “Trustee”)
滙豐機構信託服務(亞洲)有限公司
1 Queen’s Road Central
Hong Kong

Management and administration (continued)

Registrar

Allianz Global Investors Asia Pacific Limited (the “Registrar”)
27/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Legal Adviser

as to matters of Hong Kong and United States law
Baker & McKenzie
14/F, Taikoo Place
979 King’s Road, Quarry Bay
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor
Prince’s Building
Central
Hong Kong

Manager's report

Allianz Selection European Equity Dividend

For the year ended 30 June 2020, European stock markets (as measured by the broad market index MSCI Europe T.R.) lost 5.5% in value (in EUR terms). European equities had ended the second half of the year 2019 with solid gains, as sentiment was lifted by the agreement of a “phase one” trade deal between the US and China, better-than-expected company earnings and a supportive stance from the European Central Bank (ECB). However, equities tumbled over the first quarter of 2020, with major indices falling to their lowest level since 2013. Europe became the epicentre of the COVID-19 pandemic in March and April, with cases and fatalities surging. To control the spread of the virus, the continent went into strict lockdown and economic activity came to an abrupt halt. The draconian measures worked and, with lockdowns being gradually eased, European equities recorded a positive performance in the second quarter, although they were still down on a year-to-date basis.

Due to the extraordinary nature of the economic crisis triggering dividend reductions and cancellations, the strategy lagged the broader European equity market as represented by the MSCI Europe index over the course of the year. Sector positioning and to a lesser extent stock selection had a negative impact on relative performance. Positive contributions from being overweight in Utilities and Real Estate and underweight in Consumer Discretionary were mitigated by the negative impact of being overweight in Financials and Energy and underweight in Health Care. Furthermore, positioning within Real Estate, Communication Services and Industrials weighed on the performance while positioning in Financials was a strong positive contributor to performance.

Please refer to the simplified and full sales prospectuses for additional information on the Sub-Fund. The performance in the period under review can be found in the table “Performance of the Fund” at the end of the financial statements.

Even though the global economy is currently experiencing a deep recession, the outlook for European equities has recently improved. In particular, several leading indicators have recovered considerably. Moreover, financial conditions have improved as central banks have flooded the markets with liquidity and governments have provided financial support. Despite dividend cuts in certain areas of the market, European equities in our view continue to offer a large choice of high yielding, good quality businesses, many of them global leaders in their field of business.

Manager's report (continued)

Allianz Selection Income and Growth

For the year ended 30 June 2020, the Allianz Selection Income and Growth returned +10.70%. For comparison purposes, the S&P 500 Index gained +7.49% and the overall U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index gained +8.74%. Several factors influenced the three asset classes in the reporting period, including the unexpected global COVID-19 outbreak, the unprecedented monetary and fiscal stimulus and the subsequent stabilization of the economy. The hope for a vaccine helped offset geopolitical tensions and resurgence of virus cases.

The Sub-Fund provided consistent income and generated a positive total return that was similar to the combined performance of the underlying asset classes. On average, all three underlying assets classes contributed positively to return with convertible holdings outperformed equity holdings, which outperformed corporate bond holdings.

Please refer to the simplified and full sales prospectuses for additional information on the Sub-Fund. The performance in the period under review can be found in the table "Performance of the Fund" at the end of the financial statements.

Risk assets rallied into the new year 2020 before selling off aggressively in late February as the COVID-19 global outbreak intensified. Global and US economy were severely impacted by the sudden shutdown in business activities and corporate profitability became highly uncertain. The Fed and the US government response on these events was extraordinary in terms of its swiftness, scope and willingness to do more.

Since the market bottomed in March, risk assets have staged a robust rebound as economic activities bottomed and the visibility around macro outlook and corporate profitability improved. Aggressive fiscal and monetary policies have also helped drive positive market sentiment.

Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield)

For the period from 1 July 2019 to 26 April 2020, the Allianz Selection US High Yield returned -8.91%. The US high-yield bond market, as measured by the ICE BofA US High Yield Index, returned -7.13%.

High yield finished 2H2019 on a strong footing and rallied to start the year 2020 before selling off aggressively in late February as the COVID-19 global outbreak intensified. The uncertainty on global growth and corporate profitability have led to indiscriminate selling pressure across most US asset classes and created dislocations in credit markets. Despite the sharp move lower in bond prices, the high-yield market remained open and functional throughout the selloff.

The Fed's response to these events was extraordinary in terms of its swiftness, scope, and willingness to do more. The extraordinary monetary and fiscal policy measures instituted by the Fed and the US government aim to not only help stabilize financial markets but also accelerate the recovery.

In the Sub-Fund, industry exposure that had a positive impact on relative performance included Telecommunications, Technology & Electronics and Financial Services. Conversely, industry exposures that negatively impacted relative performance included Theaters & Entertainment, Media and Telecom-Wireless. In addition, an underweight in CCC rated bonds contributed on a relative basis as the highest-quality credits benefited from a flight-to-quality rotation and falling interest rates.

Please refer to the simplified and full sales prospectuses for additional information on the Sub-Fund. The performance in the period under review can be found in the table "Performance of the Fund" at the end of the financial statements.

Among fixed-income alternatives, high-yield bonds could provide a compelling yield opportunity compared to negative and depressed yields globally. While the duration and severity of the economic downturn is unknown, the massive confluence of central bank interventions and government stimulus had supported the asset class rebound and helped the economy recover.

For the period from 27 April 2020 to 30 June 2020, the Allianz Preferred Securities and Income returned +3.13%. For comparison purposes, the Ice BofAML Fixed Rate Preferred Securities Index returned 0.61% over the same period. Similar to other risk assets, preferred markets advanced during the period supported by the extraordinary fiscal and monetary support provided by the US government and the US Federal Reserve.

Within the preferred market, the retail \$25 preferred market lagged the institutional \$1000 preferred market during the period, as the rally in April and May dropped yields and spreads, and re-introduced refinancing risk. The investment-grade retail \$25 market, as measured by the Ice BofAML Investment-grade Preferred & Hybrid Securities Index (PHGS), returned 0.79% for two-month period and the investment-grade \$1000 institutional market, as measured by the Ice BofAML Investment Grade Institutional Capital Securities Index (CIPS), returned 2.95% over the same horizon. While issuers largely utilized the \$1000 institutional market to re-start new issuance in late April and May, the refinancing risk was felt hardest in the retail market in June, where a combination of the number of premium fixed coupon deals coming up against call dates, and the superior structure of the new institutional deals, with floating resets against 5- and 10-year Treasuries hurt specific issues in the \$25 market.

For the period from 27 April 2020 to 30 June 2020, fund performance benefited from its exposure to \$1000 par securities, which outperformed. In addition, an overweight position in the Pipeline sector also helped. The preferred securities of pipeline operators continued to recover as expectations for tail risks to global growth moderated. Positive security selection in the Insurance, Media and Electric also helped relative performance. Meanwhile, a resumption of issuance reduced expected refinancing costs, and raising the probability for call activity, and dampened the performance of securities with near-term calls. Instruments with 2020 and 2021 calls in the portfolio lagged in June.

Trustee's report

Allianz Selection European Equity Dividend ("the Sub-Fund")

We hereby confirm that, to the best of our knowledge, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 10 September 2014, as amended, for the year ended 30 June 2020.

)
) For and on behalf of
) HSBC Institutional Trust Services (Asia) Limited
) 滙豐機構信託服務(亞洲)有限公司
)

Independent auditor's report to the unitholders of Allianz Selection European Equity Dividend

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Allianz Selection European Equity Dividend (the "Sub-Fund"), a sub-fund of the Allianz Global Investors Asia Fund, set out on pages 11 to 35, which comprise:

- the statement of net assets as at 30 June 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30 June 2020, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent auditor's report to the unitholders of Allianz Selection European Equity Dividend (continued)

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines 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 Management of the Sub-Fund is responsible for assessing the Sub-Fund's 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 10 September 2014, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Independent auditor's report to the unitholders of Allianz Selection European Equity Dividend (continued)

Auditor's 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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the unitholders of Allianz Selection European Equity Dividend (continued)

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 October 2020

Allianz Selection European Equity Dividend

Statement of Net Assets as at 30 June 2020

	Note	2020 EUR	2019 EUR
Assets			
Current assets			
Financial assets at fair value through profit or loss	9(a)	32,744,509	39,589,045
Dividend receivable		77,297	102,133
Amounts receivable on subscription		209,920	82,446
Amounts due from brokers		166,933	45,908
Other receivables		–	9
Cash and cash equivalents	5(d)	<u>726,824</u>	<u>1,190,003</u>
Total assets		<u>33,925,483</u>	<u>41,009,544</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	9(a)	1,009,924	1,215,894
Amounts payable on redemption		12,146	10,371
Amounts due to brokers		51,440	16,940
Other payables	5	<u>77,709</u>	<u>91,413</u>
Total liabilities		<u>1,151,219</u>	<u>1,334,618</u>
Equity			
Net assets attributable to unitholders		<u>32,774,264</u>	<u>39,674,926</u>

Approved by the Trustee and the Manager on 23 October 2020

)
) For and on behalf of
) HSBC Institutional Trust Services (Asia) Limited
) 滙豐機構信託服務(亞洲)有限公司
)
)
) For and on behalf of
) Allianz Global Investors Asia Pacific Limited
)

The accompanying notes form an integral part of these financial statements.

Allianz Selection European Equity Dividend (continued)

Statement of Comprehensive Income for the year ended 30 June 2020

	Note	2020 EUR	2019 EUR
Income			
Dividend income		1,734,058	2,524,054
Interest income on deposits	5(d)	–	3
Net losses on financial assets and liabilities at fair value through profit or loss	3	(5,886,830)	(1,528,155)
Net foreign exchange losses		(40,813)	(24,760)
Other income		358	372
Total net (loss)/income		<u>(4,193,227)</u>	<u>971,514</u>
Expenses			
Audit fee		(10,369)	(12,579)
Trustee's fee	5(b)	(29,981)	(33,495)
Management fee	5(a)	(594,910)	(717,741)
Administrative fees		(24,388)	(18,850)
Transaction costs		(62,575)	(66,382)
Registrar's and transfer agent's fees	5(c)	(6,401)	(7,358)
Legal and professional fees		(4,023)	(353)
Safe custody fees, bank charges and miscellaneous expenses	5	(86,250)	(72,795)
Total operating expenses		<u>(818,897)</u>	<u>(929,553)</u>
Net (losses)/profits before taxation		(5,012,124)	41,961
Withholding tax	4	(264,084)	(333,367)
Total comprehensive loss		<u>(5,276,208)</u>	<u>(291,406)</u>

The accompanying notes form an integral part of these financial statements.

Allianz Selection European Equity Dividend (continued)

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020

	Note	2020 EUR	2019 EUR
Net assets attributable to unitholders at the beginning of the year		39,674,926	51,195,190
Subscription of units		22,768,617	17,071,671
Redemption of units		(20,581,497)	(23,919,246)
Distributions to unitholders	8	(3,811,574)	(4,381,283)
Net decrease from transactions with unitholders		(1,624,454)	(11,228,858)
Total comprehensive loss		(5,276,208)	(291,406)
Net assets attributable to unitholders at the end of the year		32,774,264	39,674,926

The accompanying notes form an integral part of these financial statements.

Allianz Selection European Equity Dividend (continued)

Cash Flow Statement

for the year ended 30 June 2020

	Note	2020 EUR	2019 EUR
Cash flows from operating activities			
Total comprehensive loss		(5,276,208)	(291,406)
Adjustments for:			
Dividend income		(1,734,058)	(2,524,054)
Interest income on deposits		–	(3)
Withholding tax	4	264,084	333,367
Operating loss before working capital changes		(6,746,182)	(2,482,096)
Net change in financial assets and financial liabilities			
at fair value through profit or loss		6,638,566	11,943,249
Net change in amounts due from brokers		(121,025)	(29,611)
Net change in amounts due to brokers		34,500	(85,309)
Net change in other receivables		9	2,529
Net change in other payables		(13,704)	(83,637)
Cash (used in)/generated from operations		(207,836)	9,265,125
Dividends received		1,758,894	2,509,108
Interest income on deposits received		–	3
Tax paid	4	(264,084)	(333,367)
Net cash generated from operating activities		1,286,974	11,440,869
Cash flows from financing activities			
Proceeds from subscription of units		22,641,143	17,508,838
Payments on redemption of units		(20,579,722)	(24,068,627)
Distributions paid	8	(3,811,574)	(4,381,283)
Net cash used in financing activities		(1,750,153)	(10,941,072)
Net (decrease)/increase in cash and cash equivalents		(463,179)	499,797
Cash and cash equivalents at the beginning of the year		1,190,003	690,206
Cash and cash equivalents at the end of the year		726,824	1,190,003

The accompanying notes form an integral part of these financial statements.

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements

1 The Sub-Fund

Allianz Selection European Equity Dividend (the “Sub-Fund”) is a sub-fund of Allianz Global Investors Asia Fund (the “Trust”). The Trust is an open-ended unit trust established under a trust deed dated 10 September 2014, as amended (the “Trust Deed”), and governed by the laws of Hong Kong.

The objective of the Sub-Fund is to achieve long-term capital growth primarily through equity-based investments in European markets that are expected to achieve high dividend returns. The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (“SFC”) under section 104 of the Hong Kong Securities and Futures Ordinance (“HKSF”) and is governed by the Code on Unit Trusts and Mutual Funds issued by the SFC.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements of the Sub-Fund are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) *Basis of preparation*

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain accounting estimates. It also requires the Trustee and the Manager (the “Management”) to exercise their judgement in the process of applying the Sub-Fund’s accounting policies.

Standards and amendments to existing standards effective 1 July 2019

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2019 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 July 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(b) Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Sub-Fund's policy requires the Management to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investments. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the statement of comprehensive income within net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the period in which they arise.

The Sub-Fund uses the weighted average cost method to determine realised gains and losses on derecognition.

2 Summary of significant accounting policies (continued)

(b) Financial assets and financial liabilities at fair value through profit or loss (continued)

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, Management will determine the point within the bid-ask spread that is more representative of fair value.

Securities which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

In the absence of quoted values or brokers' representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Management.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting year.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise an asset and settle a liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Fund or the counterparty.

(d) Income

Interest income is recognised on a time proportionate basis, using the effective interest method. Interest income on deposits is disclosed separately in the statement of comprehensive income.

Dividend income is recognised when the right to receive payment is established, with the corresponding foreign withholding taxes recorded as an expense.

Other income is accounted for on an accrual basis.

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscriptions and redemptions

The Sub-Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(g) Units in issue

The Sub-Fund issues redeemable units, which are redeemable at the holder's option, represent puttable financial instruments of the Sub-Fund. The puttable financial instruments are classified as equity if they meet all the following criteria:

- the puttable instruments entitle the holder to a pro-rata share of net assets;
- the puttable instruments are the most subordinated unit in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable instrument over its life are based substantially on the profit or loss of the Sub-Fund.

The Sub-Fund has only one class of redeemable units in issue and its redeemable units meet all of these conditions and are classified as equity.

(h) Foreign currency translation

(i) Functional and presentation currency

The Management considers the Euros ("EUR") to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The EUR is the currency in which the Sub-Fund measures its performance and reports its results.

The financial statements of the Sub-Fund are presented in EUR, which is the Sub-Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign exchange gains/(losses)".

Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and liabilities at fair value through profit or loss".

2 Summary of significant accounting policies (continued)

(i) Amounts due from or due to brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of net assets date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by Management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank, bank deposits with original maturities of 3 months or less from the date of placement net of bank overdrafts, if any.

(k) Distributions to unitholders

Proposed distributions to unitholders of the Sub-Fund are recognised in the statement of changes in net assets attributable to unitholders when they are appropriately authorised.

3 Net losses on financial assets and liabilities at fair value through profit or loss

	2020 EUR	2019 EUR
Movement of unrealised gains/losses	1,461,694	(3,656,188)
Realised (losses)/gains	<u>(7,348,524)</u>	<u>2,128,033</u>
	<u>(5,886,830)</u>	<u>(1,528,155)</u>

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

4 Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Sub-Fund is authorised as a collective investment scheme under section 104 of the HKSFPO and is therefore exempt from profits tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Dividend income received by the Sub-Fund is subject to withholding tax imposed in certain countries of origin. Dividend income is recognised gross of taxes and the corresponding withholding tax is recognised as tax expense.

5 Related party transactions/Transactions with the Manager, the Trustee and their connected persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Sub-Fund and the Manager, the Trustee and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Sub-Fund and the Manager, the Trustee and their connected persons were entered into in the ordinary course of business and on normal commercial terms. To the best of the knowledge of the Manager and the Trustee, the Sub-Fund did not have any other transactions with connected persons except for those disclosed below.

- (a) The Sub-Fund is managed by Allianz Global Investors Asia Pacific Limited, the Manager, which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value as follows:

	% charged 2020	% charged 2019
For Class AM Distribution H2-RMB	1.50% p.a.	1.50% p.a.
	2020	2019
	EUR	EUR
(i) Management fee for the year	594,910	717,741
(ii) Management fee payable at year end	<u>40,423</u>	<u>49,271</u>

- (b) The Trustee, HSBC Institutional Trust Services (Asia) Limited, a subsidiary within the HSBC Group, receives a trustee's fee, payable monthly, equivalent to 0.07% per annum of the net asset value of the Sub-Fund, subject to a minimum annual fee of US\$8,000. In addition, the Trustee provides valuation services to the Sub-Fund in return for a valuation fee.

	2020	2019
	EUR	EUR
(i) Trustee's fee for the year	29,981	33,495
(ii) Trustee's fee payable at year end	1,886	2,299
(iii) Valuation fee for the year	13,188	12,516
(iv) Valuation fee payable at year end	<u>1,015</u>	<u>896</u>

5 Related party transactions/Transactions with the Manager, the Trustee and their connected persons (continued)

- (c) The registrar of the Trust is Allianz Global Investors Asia Pacific Limited which receives registrar's and transfer agent's fees from the Sub-Fund.

	2020	2019
	EUR	EUR
(i) Registrar's and transfer agent's fees for the year	6,401	7,358
(ii) Registrar's and transfer agent's fees payable at year end	<u>3,394</u>	<u>3,492</u>

- (d) Bank accounts are maintained with The Hongkong and Shanghai Banking Corporation Limited, a subsidiary within the HSBC Group. The balances of the accounts and bank charges are set out below:

	2020	2019
	EUR	EUR
Cash at bank at year end	726,824	1,190,003
Interest income on deposits for the year	–	3
Bank charges for the year	<u>11,424</u>	<u>14,475</u>

In addition, it provides safe custody services and services in connection with purchases and sales transactions to the Sub-Fund in return for a safe custody fee and a transaction handling fee respectively.

	2020	2019
	EUR	EUR
(i) Safe custody fee for the year	8,475	10,427
(ii) Transaction handling fee for the year	37,470	25,802
(iii) Transaction handling fee payable at year end	<u>2,974</u>	<u>2,125</u>

- (e) The counterparty of all forward contracts held by the Sub-Fund during the year is The Hongkong and Shanghai Banking Corporation Limited. All outstanding forward contracts as at 30 June 2020 and 2019 are set out in note 9(f).

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

5 Related party transactions/Transactions with the Manager, the Trustee and their connected persons (continued)

- (f) In its purchases and sales of investments, the Sub-Fund utilises the brokerage services of HSBC Investment Banking Group Limited, which is a member of the HSBC Group. Details of transactions effected through this broker are as follows:

	HSBC Investment Banking Group Limited			
	2020		2019	
Commission paid for the year	EUR	158	EUR	154
Average rate of commission		0.06%		0.06%
Total aggregate value of such transactions for the year	EUR	265,265	EUR	257,155
Percentage of such transactions in value to total transactions for the year		0.44%		0.54%

- (g) The Sub-Fund held investments in Allianz SE as at 30 June 2020 and 2019 and during the years, which is the ultimate holding company of the Manager. The details of the market value of these investments as at year ends and total purchases, total sales and dividend income received for the years are as follows:

	2020		2019	
	EUR		EUR	
Allianz SE				
(i) Market value at year end		1,608,158		1,202,752
(ii) Total purchases for the year		952,936		–
(iii) Total sales for the year		272,880		–
(iv) Dividend income received for the year		90,106		54,279

6 Soft commission arrangements

The Manager confirms that there have been no soft commission arrangements existed during the years ended 30 June 2020 and 2019 in relation to directing transactions of the Sub-Fund through a broker or dealer.

7 Units issued and redeemed

Capital movement

	2020	2019
Class AM Distribution H2-RMB		
Number of units in issue brought forward	33,310,058.440	38,777,847.102
Units issued during the year	19,422,852.520	13,459,674.870
Units redeemed during the year	<u>(18,633,034.274)</u>	<u>(18,927,463.532)</u>
Number of units in issue carried forward	<u>34,099,876.686</u>	<u>33,310,058.440</u>
Net assets per unit as at year end	EUR <u>0.96</u>	EUR <u>1.19</u>
Net assets per unit as at year end	RMB <u>7.63</u>	RMB <u>9.32</u>

The Sub-Fund is not subject to any externally imposed capital requirements.

8 Distributions

Class AM Distribution H2-RMB

	2020		
	in RMB	in EUR	Date of distribution
Distributions declared and paid during the year			
– RMB 0.07083 per unit on 34,663,402.641 units	2,455,209	317,055	18 July 2019
– RMB 0.07083 per unit on 36,417,293.282 units	2,579,437	328,314	20 August 2019
– RMB 0.07083 per unit on 36,095,578.637 units	2,556,650	327,965	19 September 2019
– RMB 0.07083 per unit on 35,770,178.003 units	2,533,602	325,124	18 October 2019
– RMB 0.07083 per unit on 34,653,595.046 units	2,454,514	317,504	20 November 2019
– RMB 0.07083 per unit on 35,542,742.636 units	2,517,492	322,477	19 December 2019
– RMB 0.07083 per unit on 35,989,077.018 units	2,549,106	332,995	21 January 2020
– RMB 0.07083 per unit on 37,582,530.967 units	2,661,971	350,878	20 February 2020
– RMB 0.07083 per unit on 36,010,424.915 units	2,550,618	327,810	19 March 2020
– RMB 0.07083 per unit on 34,201,284.397 units	2,422,477	313,448	20 April 2020
– RMB 0.06250 per unit on 34,882,609.171 units	2,180,163	283,215	20 May 2020
– RMB 0.06250 per unit on 33,748,943.308 units	<u>2,109,309</u>	<u>264,789</u>	18 June 2020
	<u>29,570,548</u>	<u>3,811,574</u>	

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

8 Distributions (continued)

Class AM Distribution H2-RMB (continued)

	2019 in RMB	in EUR	Date of distribution
Distributions declared and paid during the year			
– RMB 0.07500 per unit on 38,764,082.224 units	2,907,306	371,392	16 July 2018
– RMB 0.07500 per unit on 39,357,691.701 units	2,951,827	376,758	15 August 2018
– RMB 0.07500 per unit on 40,536,694.693 units	3,040,252	379,572	17 September 2018
– RMB 0.07500 per unit on 40,413,592.325 units	3,031,019	379,002	15 October 2018
– RMB 0.07500 per unit on 40,234,125.142 units	3,017,559	384,222	15 November 2018
– RMB 0.07500 per unit on 40,113,811.644 units	3,008,536	385,726	17 December 2018
– RMB 0.07500 per unit on 39,343,643.545 units	2,950,773	380,322	15 January 2019
– RMB 0.07500 per unit on 38,584,207.805 units	2,893,816	378,194	15 February 2019
– RMB 0.07500 per unit on 37,761,984.216 units	2,832,149	372,653	15 March 2019
– RMB 0.07500 per unit on 35,622,223.837 units	2,671,667	352,093	15 April 2019
– RMB 0.07500 per unit on 32,814,656.710 units	2,461,099	317,986	15 May 2019
– RMB 0.07083 per unit on 33,339,373.963 units	2,361,428	303,363	17 June 2019
	<u>34,127,431</u>	<u>4,381,283</u>	

9 Financial risk management

The Sub-Fund maintains an investment portfolio in a variety of listed financial instruments as dictated by its investment management strategy. The investment objective of the Sub-Fund is to achieve a long-term capital growth primarily through equity-based investments in European markets that are expected to achieve high dividend returns. The Sub-Fund's investment portfolio comprises equities and forward contracts.

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Management has set out below the most important types of financial risks inherent in each type of financial instruments. The Management would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-Fund.

The nature and extent of the financial instruments outstanding at the date of the statement of net assets and the risk management policies employed by the Sub-Fund are discussed below.

9 Financial risk management (continued)

(a) Market price risk

Market price risk is the risk that value of the Sub-Fund's investment portfolio will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Sub-Fund is exposed to price risk arising from changes in market prices. Price risk is managed by investing in a portfolio of different investments in accordance with the investment objectives of the Sub-Fund.

The following table discloses the financial assets and liabilities at fair value through profit or loss of the Sub-Fund by product type:

	2020 EUR	2019 EUR
Financial assets at fair value through profit or loss		
Equities	32,685,587	39,487,045
Forward contracts (note 9(f))	58,922	102,000
	<u>32,744,509</u>	<u>39,589,045</u>
Financial liabilities at fair value through profit or loss		
Forward contracts (note 9(f))	<u>1,009,924</u>	<u>1,215,894</u>

The impact on a 5% (2019: 5%) increase in value of the investments as at 30 June 2020, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal but opposite amount.

	Market exposures EUR	Change in net assets if investment value increased by 5% EUR
Price sensitivity		
As at 30 June 2020		
Equities	<u>32,685,587</u>	<u>1,634,279</u>
As at 30 June 2019		
Equities	<u>39,487,045</u>	<u>1,974,352</u>

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

9 Financial risk management (continued)

(b) Interest rate risk

The majority of the Sub-Fund's financial assets are non-interest bearing. As a result, the Sub-Fund is not subject to significant interest rate risk due to fluctuations in the prevailing levels of market interest rates. Changes in interest rates will not significantly change the net assets attributable to unitholders.

(c) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Sub Fund is exposed to risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Sub-Fund's assets or liabilities denominated in other currencies.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may mitigate this risk by using financial derivative instruments. The Manager monitors the Sub-Fund's currency exposures on an ongoing basis.

As at 30 June 2020, had the EUR weakened by 5% (2019: 5%) in relation to respective currencies, with all other variables held constant, net assets attributable to unitholders would have increased/(decreased) by the amounts shown below.

	Net monetary and non-monetary exposure EUR	Change in net assets if EUR weakened by 5% EUR
<i>As at 30 June 2020</i>		
British Pound	5,273,068	263,653
Norwegian Kroner	1,821,318	82,717
Renminbi	(753,239)	12,780,715
Swedish Krona	402,707	20,135
Swiss Franc	4,430,266	218,455
United States Dollar	(2,525)	(126)
	<u>11,171,595</u>	<u>13,365,549</u>
<i>As at 30 June 2019</i>		
British Pound	9,222,848	461,142
Norwegian Kroner	2,092,642	104,632
Renminbi	71,816	15,525,456
Swiss Franc	1,813,497	90,675
United States Dollar	(3,029)	(151)
	<u>13,197,774</u>	<u>16,181,754</u>

9 Financial risk management (continued)

(d) Credit risk

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Sub-Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, dividend receivable, amounts receivable on subscription, amounts due from brokers and other receivables balances.

Credit risk arising from derivatives transactions with counterparties relates to transactions awaiting settlement. This credit risk is managed by monitoring the credit quality of the derivative instruments held by the Sub-Fund and the financial position of the derivative instrument counterparties.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used.

All of the cash held by the Sub-Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause the Sub-Fund's rights with respect to the cash held by the bank to be delayed or limited. The bank is a group company of the HSBC Group with a credit rating of A- (2019: A) by S&P's, for which credit risk is considered insignificant. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2020 and 30 June 2019, all cash and cash equivalents, dividend receivable, amounts receivable on subscription, amounts due from brokers and other receivables are held with counterparties with a credit rating of Baa (2019: B) or higher and are due to be settled within 1 week. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets. As at 30 June 2020 and 2019, there were no other significant concentrations of credit risk to counter parties.

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

9 Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Sub-Fund's constitution provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time. The listed investments of the Sub-Fund are considered to be readily realisable under normal market conditions.

The policy of the Sub-Fund is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

As at 30 June 2020 and 2019, the financial liabilities of the Sub-Fund are due within three months.

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

At 30 June 2020 and 2019, no individual investor held more than 10% of the Sub-Fund's redeemable units.

(f) Forward contracts

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or the underlying financial asset. Forwards are customised over-the-counter contracts and result in credit exposure to the counterparty.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, forward contracts are generally subject to liquidity risk.

As at 30 June 2020 and 2019, the details of the Sub-Fund's holdings in net settled foreign currency forward contracts are specified in the tables below:

9 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts

As at 30 June 2020

Buy		Sell		Settlement date	Fair value assets EUR	Fair value (liabilities) EUR
EUR	58,951	CNH	454,400	15 July 2020	1,763	–
EUR	292,957	CNH	2,258,411	15 July 2020	8,725	–
EUR	24,104	CNH	186,430	15 July 2020	641	–
EUR	33,849	CNH	261,908	15 July 2020	887	–
EUR	11,187	CNH	86,632	15 July 2020	284	–
EUR	2,892	CNH	22,262	15 July 2020	90	–
EUR	9,841	CNH	75,997	15 July 2020	276	–
EUR	126,764	CNH	974,781	15 July 2020	4,083	–
EUR	48,663	CNH	376,917	15 July 2020	1,226	–
EUR	101,225	CNH	782,565	15 July 2020	2,735	–
EUR	17,838	CNH	137,760	15 July 2020	500	–
EUR	110,155	CNH	855,070	15 July 2020	2,540	–
EUR	203,785	CNH	1,592,609	15 July 2020	3,347	–
EUR	14,373	CNH	112,296	15 July 2020	240	–
EUR	121,704	CNH	963,485	15 July 2020	445	–
EUR	151,596	CNH	1,208,341	15 July 2020	–	(479)
EUR	44,469	CNH	356,538	15 July 2020	–	(403)
EUR	92,183	CNH	745,660	15 July 2020	–	(1,662)
EUR	67,212	CNH	539,636	15 July 2020	–	(704)
EUR	678,018	CNH	5,413,518	15 July 2020	–	(3,300)
EUR	1,820,863	CNH	14,558,550	15 July 2020	–	(11,400)
EUR	5,197	CNH	41,593	15 July 2020	–	(38)
EUR	109,849	CNH	874,372	15 July 2020	–	(195)
EUR	93,833	CNH	751,087	15 July 2020	–	(695)
EUR	11,244	CNH	89,579	15 July 2020	–	(30)
CNH	245,675,948	EUR	31,876,012	15 July 2020	–	(959,305)
CNH	1,129	EUR	146	15 July 2020	–	(4)
CNH	596,011	EUR	77,273	15 July 2020	–	(2,269)
CNH	38,422	EUR	4,971	15 July 2020	–	(135)
CNH	16,475	EUR	2,135	15 July 2020	–	(62)
CNH	4,885,471	EUR	634,733	15 July 2020	–	(19,929)
CNH	86,938	EUR	11,271	15 July 2020	–	(330)
CNH	642,229	EUR	83,412	15 July 2020	–	(2,591)
CNH	247,525	EUR	32,114	15 July 2020	–	(965)
CNH	19,434	EUR	2,489	15 July 2020	–	(44)
CNH	1,239,245	EUR	160,026	15 July 2020	–	(4,074)
CNH	89,822	EUR	11,603	15 July 2020	–	(300)

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

9 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets EUR	Fair value (liabilities) EUR
CNH	58,708	EUR	7,519	15 July 2020	–	(130)
CNH	184,402	EUR	23,543	15 July 2020	–	(336)
CNH	172,780	EUR	21,949	15 July 2020	–	(205)
CNH	549,020	EUR	69,139	15 July 2020	–	(46)
CNH	29,412	EUR	3,679	15 July 2020	22	–
CNH	15,635,331	EUR	1,953,899	15 July 2020	13,780	–
CNH	13,771,753	EUR	1,719,135	15 July 2020	14,018	–
CNH	359,242	EUR	44,925	15 July 2020	285	–
CNH	314,449	EUR	39,057	15 July 2020	516	–
CNH	1,650,229	EUR	205,523	15 July 2020	2,156	–
CNH	1,951	EUR	244	15 July 2020	1	–
CNH	1,209,881	EUR	152,036	15 July 2020	225	–
CNH	796,079	EUR	100,072	15 July 2020	113	–
CNH	775,461	EUR	97,881	15 July 2020	–	(293)
CNH	953,656	EUR	119,991	15 July 2020	24	–
					<u>58,922</u>	<u>(1,009,924)</u>

9 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts (continued)

As at 30 June 2019

Buy		Sell		Settlement date	Fair value assets EUR	Fair value (liabilities) EUR
EUR	338,141	CNH	2,581,895	15 July 2019	8,615	–
EUR	168,822	CNH	1,286,802	15 July 2019	4,589	–
EUR	75,371	CNH	576,058	15 July 2019	1,849	–
EUR	147,693	CNH	1,128,636	15 July 2019	3,645	–
EUR	80,397	CNH	614,304	15 July 2019	1,994	–
EUR	37,049	CNH	281,271	15 July 2019	1,150	–
EUR	344,093	CNH	2,611,151	15 July 2019	10,833	–
EUR	6,702	CNH	50,751	15 July 2019	224	–
EUR	112,209	CNH	844,735	15 July 2019	4,396	–
EUR	29,822	CNH	225,820	15 July 2019	1,001	–
EUR	694,269	CNH	5,268,611	15 July 2019	21,839	–
EUR	22,976	CNH	174,190	15 July 2019	744	–
EUR	84,150	CNH	642,228	15 July 2019	2,183	–
EUR	82,330	CNH	629,557	15 July 2019	1,980	–
EUR	1,855,273	CNH	14,406,464	15 July 2019	16,584	–
EUR	164,888	CNH	1,283,385	15 July 2019	1,090	–
EUR	2,308,097	CNH	17,983,886	15 July 2019	12,824	–
EUR	92,902	CNH	723,407	15 July 2019	574	–
EUR	142,711	CNH	1,108,800	15 July 2019	1,196	–
EUR	34,454	CNH	267,614	15 July 2019	298	–
EUR	88,193	CNH	683,997	15 July 2019	895	–
EUR	47,010	CNH	364,857	15 July 2019	443	–
EUR	69,879	CNH	541,872	15 July 2019	721	–
EUR	172,442	CNH	1,341,338	15 July 2019	1,248	–
EUR	4,335	CNH	33,975	15 July 2019	–	(2)
EUR	134,583	CNH	1,057,753	15 July 2019	–	(417)
EUR	5,911	CNH	46,127	15 July 2019	24	–
EUR	48,422	CNH	375,648	15 July 2019	478	–
EUR	66,242	CNH	515,692	15 July 2019	424	–
EUR	10,355	CNH	81,173	15 July 2019	–	(5)
CNH	355,191,475	EUR	46,532,130	15 July 2019	–	(1,201,049)
CNH	534,905	EUR	69,946	15 July 2019	–	(1,679)
CNH	140,321	EUR	18,445	15 July 2019	–	(536)
CNH	160,954	EUR	21,197	15 July 2019	–	(656)
CNH	124,223	EUR	16,345	15 July 2019	–	(491)
CNH	200,549	EUR	26,177	15 July 2019	–	(582)
CNH	576,927	EUR	74,440	15 July 2019	–	(809)

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

9 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts (continued)

As at 30 June 2019 (continued)

Buy		Sell		Settlement date	Fair value assets EUR	Fair value (liabilities) EUR
CNH	452,528	EUR	58,153	15 July 2019	–	(398)
CNH	1,194,634	EUR	153,713	15 July 2019	–	(1,246)
CNH	186,955	EUR	24,014	15 July 2019	–	(154)
CNH	758,957	EUR	97,644	15 July 2019	–	(781)
CNH	8,097,413	EUR	1,040,445	15 July 2019	–	(6,997)
CNH	98,522	EUR	12,619	15 July 2019	–	(44)
CNH	321,709	EUR	40,900	15 July 2019	159	–
CNH	31,068	EUR	3,982	15 July 2019	–	(17)
CNH	16,730	EUR	2,162	15 July 2019	–	(27)
CNH	19,658	EUR	2,513	15 July 2019	–	(4)
					<u>102,000</u>	<u>(1,215,894)</u>

(g) Fair value information

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial.

9 Financial risk management (continued)

(g) Fair value information (continued)

HKFRS 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Sub-Fund. The 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.

Allianz Selection European Equity Dividend (continued)

Notes to the Financial Statements (continued)

9 Financial risk management (continued)

(g) Fair value information (continued)

The table below analyses financial instruments measured at fair value at the date of the statement of net assets by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
As at 30 June 2020				
Assets				
Financial assets at fair value through profit or loss				
– Equities	32,685,587	–	–	32,685,587
– Forward contracts	–	58,922	–	58,922
Liabilities				
Financial liabilities at fair value through profit or loss				
– Forward contracts	–	1,009,924	–	1,009,924
As at 30 June 2019				
Assets				
Financial assets at fair value through profit or loss				
– Equities	39,487,045	–	–	39,487,045
– Forward contracts	–	102,000	–	102,000
Liabilities				
Financial liabilities at fair value through profit or loss				
– Forward contracts	–	1,215,894	–	1,215,894

9 Financial risk management (continued)

(g) Fair value information (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

There were no transfers of financial assets and financial liabilities between the fair value hierarchy levels during the years ended 30 June 2020 and 2019.

The assets and liabilities included in the statement of net assets, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Sub-Fund.

The Management monitors capital on the basis of the value of net assets attributable to unitholders.

Allianz Selection European Equity Dividend (continued)

Supplementary information

Portfolio Statement
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value EUR	% of NAV
<i>Listed investments 99.73%</i>			
Equities 99.73%			
Belgium 1.87%			
GROUPE BRUXELLES LAMBERT ORD NPV	8,191	611,703	1.87
Finland 4.73%			
FORTUM OYJ ORD EUR3.4	28,396	480,034	1.46
STORA ENSO OYJ-R SHS ORD NPV	19,250	204,627	0.62
UPM-KYMMENE ORD NPV	33,751	868,075	2.65
France 20.63%			
CAPGEMINI SA ORD EUR8	7,089	722,724	2.21
DANONE ORD EURO.25	12,915	795,047	2.42
ENGIE ORD EUR1	47,751	525,261	1.60
SANOFI ORD EUR2	14,844	1,345,609	4.11
SCHNEIDER ELECTRIC SE ORD EUR4	6,954	687,612	2.10
SCOR SE ORD EUR7.8769	52,593	1,283,269	3.92
TOTAL SA ORD EUR2.5	29,851	1,014,188	3.09
VINCI ORD EUR2.5	4,728	387,696	1.18
Germany 16.34%			
ALLIANZ (REG) ORD NPV (FRANKFURT)	3,770	683,727	2.09
ALLIANZ (REG) ORD NPV (XETRA)	5,086	924,431	2.82
BAYER ORD NPV	10,571	695,466	2.12
DEUTSCHE TELEKOM (REG) ORD NPV	24,453	365,450	1.12
E.ON ORD EUR1	28,109	281,512	0.86
FRESENIUS SE & CO KGaA ORD NPV	13,091	577,575	1.76
MUENCHENER RUECKVER AG – REG	6,246	1,445,324	4.41
SIEMENS (REG) ORD NPV	3,630	380,279	1.16

Investments	Portfolio holdings	Market value EUR	% of NAV
<i>Listed investments 99.73% (continued)</i>			
Equities 99.73% (continued)			
Great Britain 16.00%			
BRITISH AMERICAN TOBACCO PLC ORD	17,204	587,572	1.79
GLAXOSMITHKLINE PLC ORD GBP0.25	69,993	1,260,194	3.85
IG GROUP HOLDINGS PLC ORD NPV	43,648	392,788	1.20
IMPERIAL BRANDS PLC ORD GBP0.1	35,631	603,067	1.84
MEGGITT PLC ORD GBP0.05	36,986	119,748	0.36
NATIONAL GRID PLC ORD GBP0.11395	118,645	1,291,141	3.94
RIO TINTO PLC ORD GBP0.1(LSE)	4,909	245,668	0.75
ST JAMES'S PLACE CAPITAL PLC ORD GBP.15	35,414	371,208	1.13
TATE & LYLE PLC ORD GBP0.25	50,939	374,117	1.14
Italy 4.35%			
ATLANTIA ORD EUR1	10,538	150,693	0.46
ENEL SPA ORD EUR1	166,234	1,276,345	3.89
Netherlands 4.26%			
AKZO NOBEL NV EUR2	16,065	360,744	1.10
NXP SEMICONDUCTORS COM NPV	4,072	413,454	1.26
ROYAL DUTCH SHELL PLC A SHRS ORD EUR0.07	43,168	621,533	1.90
Norway 5.51%			
MOWI ASA ORD NOK7.5	16,065	270,814	0.83
SALMAR ASA ORD NOK0.25	5,439	230,460	0.70
STOREBRAND ASA	173,076	792,458	2.42
TELENOR ASA ORD NOK6	39,616	512,246	1.56
Spain 10.56%			
CIA DE DISTRIBUCION INTEGRAL LOGISTA HOLDINGS ORD EUR0.2	56,984	945,934	2.89
FERROVIAL ORD EUR0.2	16,950	401,715	1.23
IBERDROLA S.A. ORD EUR0.75	102,953	1,062,475	3.24
INDUSTRIA DE DISEÑO TEXTIL SA	14,210	334,930	1.02
RED ELECTRICA DE ESPANA ORD EUR2	43,031	714,530	2.18

Allianz Selection European Equity Dividend (continued)

Supplementary information (continued)

Portfolio Statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value EUR	% of NAV
<i>Listed investments 99.73% (continued)</i>			
Equities 99.73% (continued)			
Sweden 1.23%			
JM ORD NPV	20,095	402,707	1.23
Switzerland 13.34%			
KUEHNE & NAGEL INTL (REG) ORD CHF1	2,688	397,552	1.22
NESTLE SA ORD CHF0.1 (REG)	6,934	682,427	2.08
NOVARTIS (REG) CHF20	17,312	1,340,726	4.09
PARTNERS GROUP HOLDING ORD CHF0.01	727	587,070	1.79
SWISS RE LTD ORD CHF0.10	19,884	1,365,034	4.16
USA 0.91%			
SEAGATE TECHNOLOGY COM USD0.00001	6,882	296,628	0.91
Total equities		<u>32,685,587</u>	<u>99.73</u>
Total listed investments		32,685,587	99.73
Forward Contracts (-2.90%)		<u>(951,002)</u>	<u>(2.90)</u>
Total investments		31,734,585	96.83
Other net assets/(liabilities)		<u>1,039,679</u>	<u>3.17</u>
Net assets attributable to unitholders as at 30 June 2020		<u>32,774,264</u>	<u>100.00</u>
Total investments, at cost		<u>33,813,993</u>	

Note: Investments are accounted for on a trade date basis.

Allianz Selection European Equity Dividend (continued)

Supplementary information (continued)

Statement of Movement in Portfolio Holdings
as at 30 June 2020 (Unaudited)

	% of Net Assets 2020	% of Net Assets 2019
<i>Listed investments</i>		
Equities		
Australia	–	0.86
Belgium	1.87	–
Finland	4.73	2.23
France	20.63	20.57
Germany	16.34	17.26
Great Britain	16.00	22.17
Italy	4.35	5.52
Luxembourg	–	1.35
Netherlands	4.26	13.15
Norway	5.51	5.28
Spain	10.56	6.57
Sweden	1.23	–
Switzerland	13.34	4.57
USA	0.91	–
Total equities	99.73	99.53
Total listed investments	99.73	99.53
Forward Contracts	(2.90)	(2.81)
Total investments	96.83	96.72
Other net assets/(liabilities)	3.17	3.28
Net assets attributable to unitholders as at year end	100.00	100.00

Allianz Selection European Equity Dividend (continued)

Supplementary information (continued)

Performance record (Unaudited)

(a) Price record (Dealing net asset value per unit) since inception

Year	Class AM Distribution H2-RMB			
	Lowest		Highest	
2020	RMB	5.99	RMB	9.83
2019	RMB	9.08	RMB	10.48
2018	RMB	9.71	RMB	10.91
2017	RMB	9.32	RMB	10.08
2016	RMB	8.92	RMB	11.53
2015	RMB	9.71	RMB	12.12

Year	Class IT Accumulation EUR			
	Lowest		Highest	
2020	EUR	–	EUR	–
2019	EUR	–	EUR	–
2018	EUR	–	EUR	–
2017	EUR	–	EUR	–
2016	EUR	10.18	EUR	12.09
2015	EUR	9.75	EUR	12.50

(b) Total net asset value (calculated in accordance with HKFRS)

	2020	2019	2018
	EUR	EUR	EUR
Total net asset value	<u>32,774,264</u>	<u>39,674,926</u>	<u>51,195,190</u>

(c) Net asset value per unit (calculated in accordance with HKFRS)

	2020	2019	2018
Net asset value per unit			
– Class AM Distribution H2-RMB	RMB 7.63	RMB 9.32	RMB 10.22
– Class IT Accumulation EUR	<u>EUR –</u>	<u>EUR –</u>	<u>EUR –</u>

Trustee's report

Allianz Selection Income and Growth ("the Sub-Fund")

We hereby confirm that, to the best of our knowledge, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 10 September 2014, as amended, for the year ended 30 June 2020.

)
) For and on behalf of
) HSBC Institutional Trust Services (Asia) Limited
) 滙豐機構信託服務 (亞洲) 有限公司
)

Independent auditor's report to the Unitholders of Allianz Selection Income and Growth

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Allianz Selection Income and Growth (the “Sub-Fund”), a sub-fund of the Allianz Global Investors Asia Fund, set out on pages 46 to 85, which comprise:

- the statement of net assets as at 30 June 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30 June 2020, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent auditor's report to the Unitholders of Allianz Selection Income and Growth (continued)

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines 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 Management of the Sub-Fund is responsible for assessing the Sub-Fund's 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 10 September 2014, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Independent auditor's report to the Unitholders of Allianz Selection Income and Growth (continued)

Auditor's 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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the Unitholders of Allianz Selection Income and Growth (continued)

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 October 2020

Allianz Selection Income and Growth

Statement of Net Assets as at 30 June 2020

	Note	2020 US\$	2019 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss	10(a)	242,036,259	361,090,723
Dividend receivable		64,561	114,750
Amounts receivable on subscription		68,590	621,451
Amounts due from brokers		4,192,909	4,162,767
Margin accounts		654,980	698,856
Interest receivable		–	457
Other receivables		6,272	266,408
Cash and cash equivalents	6(d)	<u>9,006,492</u>	<u>6,889,365</u>
Total assets		<u>256,030,063</u>	<u>373,844,777</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	10(a)	456,340	9,127,542
Amounts payable on redemption		1,335,477	4,303,591
Amounts due to brokers		3,921,981	1,760,326
Other payables	6	<u>336,362</u>	<u>440,756</u>
Total liabilities (excluding net assets attributable to unitholders)/Total liabilities		<u>6,050,160</u>	<u>15,632,215</u>
Net assets attributable to unitholders*		<u>249,979,903</u>	<u>358,212,562</u>

Approved by the Trustee and the Manager on 23 October 2020

)
) For and on behalf of
) HSBC Institutional Trust Services (Asia) Limited
) 滙豐機構信託服務(亞洲)有限公司
)

)
)
) For and on behalf of
) Allianz Global Investors Asia Pacific Limited
)

* Net assets attributable to unitholders were classified as financial liabilities as at 30 June 2020 and as equity as at 30 June 2019.

The accompanying notes form an integral part of these financial statements.

Allianz Selection Income and Growth (continued)

Statement of Comprehensive Income for the year ended 30 June 2020

	Note	2020 US\$	2019 US\$
Income			
Dividend income		2,276,808	2,779,953
Interest income on deposits	6(d)	36,285	112,265
Net gains on financial assets and liabilities at fair value through profit or loss	4	22,454,393	13,661,541
Net foreign exchange gains/(losses)		26,830	(25,276)
Other income		149	81
Total net income		<u>24,794,465</u>	<u>16,528,564</u>
Expenses			
Audit fee		(14,649)	(12,190)
Trustee's fee	6(b)	(207,896)	(275,381)
Management fee	6(a)	(3,666,714)	(4,917,516)
Administrative fees		(113,121)	(37,882)
Transaction costs		(72,148)	(88,893)
Registrar's and transfer agent's fees	6(c)	(14,757)	(25,948)
Legal and professional fees		(25,477)	(2,925)
Safe custody fees, bank charges and miscellaneous expenses	6	<u>(206,820)</u>	<u>(234,376)</u>
Total operating expenses		<u>(4,321,582)</u>	<u>(5,595,111)</u>
Net profits before taxation and distributions		20,472,883	10,933,453
Withholding tax	5	<u>(643,675)</u>	<u>(834,952)</u>
Net profits before distributions		19,829,208	10,098,501
Distribution to unitholders	9	<u>(16,732,964)</u>	<u>–</u>
Increase in net assets attributable to unitholders from operations/Total comprehensive income		<u>3,096,244</u>	<u>10,098,501</u>

The accompanying notes form an integral part of these financial statements.

Allianz Selection Income and Growth (continued)

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020

	Note	2020 US\$	2019 US\$
Net assets attributable to unitholders at the beginning of the year*		358,212,562	299,733,468
Subscription of units		76,085,133	295,181,686
Redemption of units		(177,969,612)	(204,864,371)
Distribution of unitholders	9	(9,444,424)	(41,936,722)
Net (decrease)/increase from transactions with unitholders		(111,328,903)	48,380,593
Increase in net assets attributable to unitholders from operations/Total comprehensive income		3,096,244	10,098,501
Net assets attributable to unitholders at the end of the year*		249,979,903	358,212,562

* During the year ended 30 June 2019 and the period from 1 July 2019 to 31 October 2019, net assets attributable to unitholders were classified as equity. During the period from 1 November 2019 to 30 June 2020, net assets attributable to unitholders were classified as financial liabilities.

The accompanying notes form an integral part of these financial statements.

Allianz Selection Income and Growth (continued)

Cash Flow Statement

for the year ended 30 June 2020

	Note	2020 US\$	2019 US\$
Cash flows from operating activities			
Increase in net assets attributable to unitholders from operations/ Total comprehensive income		3,096,244	10,098,501
Adjustments for:			
Dividend income		(2,276,808)	(2,779,953)
Interest income on deposits		(36,285)	(112,265)
Distribution to unitholders	9	16,732,964	–
Withholding tax	5	643,675	834,952
Operating gain before changes in working capital		18,159,790	8,041,235
Net change in financial assets and financial liabilities at fair value through profit or loss		110,383,262	(59,004,619)
Net change in amounts due from brokers		(30,142)	(1,281,528)
Net change in amounts due to brokers		2,161,655	(2,075,812)
Net change in margin accounts		43,876	(381,979)
Net change in other receivables		260,136	(265,873)
Net change in other payables		(104,394)	(219,564)
Cash generated from/(used in) operations		130,874,183	(55,188,140)
Dividends received		2,326,997	2,739,205
Interest income on deposits received		36,742	111,995
Tax paid	5	(643,675)	(834,952)
Net cash generated from/(used in) operating activities		132,594,247	(53,171,892)
Cash flows from financing activities			
Proceeds from subscription of units		76,637,994	296,693,292
Payments on redemption of units		(180,937,726)	(204,474,065)
Distributions paid	9	(26,177,388)	(41,936,722)
Net cash (used in)/generated from financing activities		(130,477,120)	50,282,505
Net increase/(decrease) in cash and cash equivalents		2,117,127	(2,889,387)
Cash and cash equivalents at the beginning of the year		6,889,365	9,778,752
Cash and cash equivalents at the end of the year		9,006,492	6,889,365

The accompanying notes form an integral part of these financial statements.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements

1 The Sub-Fund

Allianz Selection Income and Growth (the “Sub-Fund”) is a sub-fund of Allianz Global Investors Asia Fund (the “Trust”). The Trust is an open-ended unit trust established under a trust deed dated 10 September 2014, as amended (the “Trust Deed”), and governed by the laws of Hong Kong.

The objective of the Sub-Fund is to achieve long-term capital appreciation and income by investing primarily in a combination of U.S. or Canadian equity securities, debt securities and convertible securities. The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (“SFC”) under section 104 of the Hong Kong Securities and Futures Ordinance (“HKSF”) and is governed by the Code on Unit Trusts and Mutual Funds issued by the SFC.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements of the Sub-Fund are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (the “Management”) to exercise their judgement in the process of applying the Sub-Fund’s accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Standards and amendments to existing standards effective 1 July 2019

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2019 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 July 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

2 Summary of significant accounting policies (continued)

(b) Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Sub-Fund's policy requires the Management to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investments. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the statement of comprehensive income within net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the period in which they arise.

The Sub-Fund uses the weighted average cost method to determine realised gains and losses on derecognition.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(b) Financial assets and financial liabilities at fair value through profit or loss (continued)

(iii) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, Management will determine the point within the bid-ask spread that is more representative of fair value.

Securities which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

In the absence of quoted values or brokers' representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Management. Debt securities are fair valued inclusive of accrued interest.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting year.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise an asset and settle a liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Fund or the counterparty.

(d) Income

Interest income is recognised on a time proportionate basis, using the effective interest method. Interest income on deposits is disclosed separately in the statement of comprehensive income. Interest income on debt securities is included in "net gains/(losses) on financial assets and liabilities at fair value through profit or loss".

Dividend income is recognised when the right to receive payment is established, with the corresponding foreign withholding taxes recorded as an expense.

Other income is accounted for on an accrual basis.

2 Summary of significant accounting policies (continued)

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscriptions and redemptions

The Sub-Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

(g) Units in issue

The Sub-Fund issues redeemable units, which are redeemable at the holder's option, represent puttable financial instruments of the Sub-Fund. The puttable financial instruments are classified as equity if they meet all the following criteria:

- the puttable instruments entitle the holder to a pro-rata share of net assets;
- the puttable instruments are the most subordinated unit in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable instrument over its life are based substantially on the profit or loss of the Sub-Fund.

Prior to 1 November 2019, the Sub-Fund had only one class of redeemable units in issue and its redeemable units met all of the above conditions and were classified as equity. On 1 November 2019, the Sub-Fund issued different classes of redeemable units in different currencies and its redeemable units did not have identical features. Therefore, the above conditions were not met and the Sub-Fund has reclassified its redeemable units from equity to financial liabilities.

As a result of the reclassification of redeemable units from equity to financial liabilities, the Sub-Fund's distributions are no longer classified as distribution to unitholders in the statement of changes in net assets attributable to unitholders, but rather as a finance cost in the statement of comprehensive income.

(h) Foreign currency translation

(i) Functional and presentation currency

The Management considers the United States Dollars ("US\$") to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The US\$ is the currency in which the Sub-Fund measures its performance and reports its results.

The financial statements of the Sub-Fund are presented in US\$, which is the Sub-Fund's functional and presentation currency.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(h) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange gains/(losses)”.

Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on financial assets and liabilities at fair value through profit or loss”.

(i) Amounts due from or due to brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of net assets date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank, bank deposits with original maturities of 3 months or less from the date of placement net of bank overdrafts, if any.

2 Summary of significant accounting policies (continued)

(k) Distributions to unitholders

Proposed distributions to unitholders of the Sub-Fund are recognised when they are appropriately approved. Prior to 1 November 2019, distributions to unitholders were recognised in the statement of changes in net assets attributable to unitholders. Effective from 1 November 2019, the Sub-Fund's distributions to unitholders were classified as a finance cost in the statement of comprehensive income.

(l) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Fund considers all of its investment in Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) (the "Investment Fund") to be investment in unconsolidated structured entities. The investment objective of the Investment Fund before 27 April 2020 is to achieve a long-term capital appreciation and income by investing primarily in U.S. corporate bonds rated below investment grade. The investment objective of the Investment Fund starting from 27 April 2020 is to achieve income and long-term capital appreciation by investing primarily in preferred securities and interest bearing securities. The Investment Fund finances its operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportional stake in the Investment Fund's net assets. The Sub-Fund holds redeemable units in the Investment Fund.

The change in fair value of the Investment Fund is included in the statement of comprehensive income in "net gains/(losses) on financial assets and liabilities at fair value through profit or loss".

3 Critical accounting estimates and judgements

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of securities not quoted in an active market

The Sub-Fund holds a number of debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Manager exercises judgements and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of the year end date. Actual transacted prices may differ from the quotes provided by the brokers. The Manager considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

4 Net gains on financial assets and liabilities at fair value through profit or loss

	2020 US\$	2019 US\$
Movement of unrealised gains/losses	27,476,825	(1,289,589)
Realised (losses)/gains	(5,022,432)	14,951,130
	<u>22,454,393</u>	<u>13,661,541</u>

5 Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Sub-Fund is authorised as a collective investment scheme under section 104 of the HKSF and is therefore exempt from profits tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Dividend income and interest income received by the Sub-Fund are subject to withholding tax imposed in certain countries of origin. Dividend income and interest income are recognised gross of taxes and the corresponding withholding tax is recognised as tax expense.

6 Related party transactions/Transactions with the Manager, the Trustee and their connected persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Sub-Fund and the Manager, the Trustee and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Sub-Fund and the Manager, the Trustee and their connected persons were entered into in the ordinary course of business and on normal commercial terms. To the best of the knowledge of the Manager and the Trustee, the Sub-Fund did not have any other transactions with connected persons except for those disclosed below.

- (a) The Sub-Fund is managed by Allianz Global Investors Asia Pacific Limited, the Manager, which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value as follows:

	% charged 2020	% charged 2019
For Class AM Distribution H2-RMB	1.25% p.a.	1.25% p.a.
For Class AM Distribution H2-SGD	1.25% p.a.	–
For Class AM Distribution H2-EUR	1.25% p.a.	–
For Class AM Distribution USD	1.25% p.a.	–
For Class AM Distribution HKD	1.25% p.a.	–
For Class AM Distribution H2-AUD	1.25% p.a.	–
For Class AM Distribution H2-CAD	1.25% p.a.	–
For Class AM Distribution H2-GBP	1.25% p.a.	–
For Class AM Distribution H2-NZD	1.25% p.a.	–
	2020	2019
	US\$	US\$
(i) Management fee for the year	3,666,714	4,917,516
(ii) Management fee payable at year end	<u>265,826</u>	<u>367,394</u>

6 Related party transactions/Transactions with the Manager, the Trustee and their connected persons (continued)

- (b) The Trustee, HSBC Institutional Trust Services (Asia) Limited, a subsidiary within the HSBC Group, receives a trustee's fee, payable monthly, equivalent to 0.07% per annum of the net asset value of the Sub-Fund, subject to a minimum annual fee of US\$8,000. In addition, the Trustee provides valuation services to the Sub-Fund in return for a valuation fee.

	2020 US\$	2019 US\$
(i) Trustee's fee for the year	207,896	275,381
(ii) Trustee's fee payable at year end	14,886	20,574
(iii) Valuation fee for the year	39,580	14,100
(iv) Valuation fee payable at year end	4,620	1,140

- (c) The registrar of the Trust is Allianz Global Investors Asia Pacific Limited which receives registrar's and transfer agent's fees from the Sub-Fund.

	2020 US\$	2019 US\$
(i) Registrar's and transfer agent's fees for the year	14,757	25,948
(ii) Registrar's and transfer agent's fees payable at year end	16,402	2,633

- (d) Bank accounts are maintained with The Hongkong and Shanghai Banking Corporation Limited, a subsidiary within the HSBC Group. The balances of the accounts, interest income and bank charges are set out below:

	2020 US\$	2019 US\$
Cash at bank at year end	9,006,492	6,889,365
Interest income on deposits for the year	36,285	112,265
Bank charges for the year	99,042	125,432

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

6 Related party transactions/Transactions with the Manager, the Trustee and their connected persons (continued)

- (d) In addition, it provides safe custody services and services in connection with purchases and sales transactions to the Sub-Fund in return for a safe custody fee and a transaction handling fee respectively.

	2020 US\$	2019 US\$
(i) Safe custody fee for the year	43,296	56,189
(ii) Transaction handling fee for the year	21,180	17,810
(iii) Transaction handling fee payable at year end	<u>2,620</u>	<u>1,600</u>

- (e) The counterparty of all forward contracts held by the Sub-Fund during the year is The Hongkong and Shanghai Banking Corporation Limited. All outstanding forward contracts as at 30 June 2020 and 2019 are set out in note 10(f).

- (f) The Sub-Fund held investments in Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) as at 30 June 2019 and during the years ended 30 June 2020 and 2019, which is another sub-fund of the Trust. The details of the market value of these investments as at year ends and the total purchases and total sales for the years are as follows:

	2020 US\$	2019 US\$
(i) Market value at year end	–	6,155,000
(ii) Total purchases for the year	–	–
(iii) Total sales for the year	<u>6,430,000</u>	<u>–</u>

7 Soft commission arrangements

Generally, brokers are selected on the basis of best execution in accordance with the Manager's broker selection policy by taking various factors into consideration. In line with market practice, these brokers will generally charge a full service brokerage rate for trading and as part of their services; they will also provide the Manager with advisory services including, for example, in-house generated research reports.

The Manager has entered into soft commission arrangements with some brokers which enables part of the commission paid to the executing broker to be accrued and credited to pay for goods and/or services provided by another third party service provider ("Credits"). Only accounts which the Manager is authorised in writing to enter into such arrangements are included in the Manager's soft commission arrangements and accrue Credits; for other accounts, the entire commission paid to brokers for the trades executed on behalf of the accounts are retained by the brokers. The Manager is authorised by the Trust Deed to enter into such arrangements on behalf of the Sub-Fund.

The Credits have only been utilised by the Manager to pay for goods and services which are permitted under the relevant codes of the SFC to be received by an investment manager and include the following: research and advisory services; economic and political analysis; portfolio analysis-including valuation and performance measurement; market analysis, data and quotation services; computer software incidental to the above goods and services; and investment related publications.

8 Units issued and redeemed

Capital movement

	2020	2019
(i) Class AM Distribution H2-RMB		
Number of units in issue brought forward	272,725,732.654	212,077,905.211
Units issued during the year	38,710,484.746	216,311,271.317
Units redeemed during the year	<u>(130,932,522.849)</u>	<u>(155,663,443.874)</u>
Number of units in issue carried forward	<u>180,503,694.551</u>	<u>272,725,732.654</u>
Net assets per unit as at year end	<u>US\$ 1.30</u>	<u>US\$ 1.31</u>
Net assets per unit as at year end	<u>RMB 9.20</u>	<u>RMB 9.03</u>
(ii) Class AM Distribution H2-SGD		
Number of units in issue brought forward	–	–
Units issued during the year	179.538	–
Units redeemed during the year	<u>–</u>	<u>–</u>
Number of units in issue carried forward	<u>179.538</u>	<u>–</u>
Net assets per unit as at year end	<u>US\$ 7.48</u>	<u>–</u>
Net assets per unit as at year end	<u>SGD 10.43</u>	<u>–</u>
(iii) Class AM Distribution H2-EUR		
Number of units in issue brought forward	–	–
Units issued during the year	2,356,514	–
Units redeemed during the year	<u>–</u>	<u>–</u>
Number of units in issue carried forward	<u>2,356,514</u>	<u>–</u>
Net assets per unit as at year end	<u>US\$ 11.74</u>	<u>–</u>
Net assets per unit as at year end	<u>EUR 10.46</u>	<u>–</u>

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(iv) Class AM Distribution USD		
Number of units in issue brought forward	–	–
Units issued during the year	919,708.570	–
Units redeemed during the year	(196,088.038)	–
	<u>723,620.532</u>	<u>–</u>
Number of units in issue carried forward		
Net assets per unit as at year end	US\$ 10.47	–
(v) Class AM Distribution HKD		
Number of units in issue brought forward	–	–
Units issued during the year	6,616,290.651	–
Units redeemed during the year	(3,878,330.155)	–
	<u>2,737,960.496</u>	<u>–</u>
Number of units in issue carried forward		
Net assets per unit as at year end	US\$ 1.34	–
Net assets per unit as at year end	HKD 10.35	–
(vi) Class AM Distribution H2-AUD		
Number of units in issue brought forward	–	–
Units issued during the year	391,959.785	–
Units redeemed during the year	(106,816.353)	–
	<u>285,143.432</u>	<u>–</u>
Number of units in issue carried forward		
Net assets per unit as at year end	US\$ 7.11	–
Net assets per unit as at year end	AUD 10.33	–

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(vii) Class AM Distribution H2-CAD		
Number of units in issue brought forward	–	–
Units issued during the year	41,982.031	–
Units redeemed during the year	(20,357.790)	–
	<hr/>	<hr/>
Number of units in issue carried forward	21,624.241	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 7.65	–
	<hr/>	<hr/>
Net assets per unit as at year end	CAD 10.42	–
	<hr/>	<hr/>
(viii) Class AM Distribution H2-GBP		
Number of units in issue brought forward	–	–
Units issued during the year	100,873.259	–
Units redeemed during the year	(7,056.622)	–
	<hr/>	<hr/>
Number of units in issue carried forward	93,816.637	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 12.82	–
	<hr/>	<hr/>
Net assets per unit as at year end	GBP 10.38	–
	<hr/>	<hr/>
(ix) Class AM Distribution H2-NZD		
Number of units in issue brought forward	–	–
Units issued during the year	720,510.861	–
Units redeemed during the year	(684,695.369)	–
	<hr/>	<hr/>
Number of units in issue carried forward	35,815.492	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 7.37	–
	<hr/>	<hr/>
Net assets per unit as at year end	NZD 11.45	–
	<hr/>	<hr/>

The Sub-Fund is not subject to any externally imposed capital requirements.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

9 Distributions

Class AM Distribution H2-RMB

	2020		Date of distribution
	in RMB	in US\$	
Distributions declared and paid during the year			
– RMB0.06417 per unit on 268,608,260.633 units	17,236,592	2,504,645	18 July 2019
– RMB0.06417 per unit on 260,521,054.736 units	16,717,636	2,372,541	20 August 2019
– RMB0.06417 per unit on 254,121,921.062 units	16,307,004	2,318,608	19 September 2019
– RMB0.06417 per unit on 248,200,814.735 units	15,927,046	2,248,630	18 October 2019
– RMB0.06417 per unit on 243,206,318.119 units	15,606,549	2,220,972	20 November 2019
– RMB0.06417 per unit on 232,223,453.333 units	14,901,779	2,125,774	19 December 2019
– RMB0.06417 per unit on 224,345,376.074 units	14,396,243	2,091,567	21 January 2020
– RMB0.06833 per unit on 213,505,460.018 units	14,588,828	2,086,051	21 February 2020
– RMB0.06833 per unit on 207,225,658.195 units	14,159,729	2,014,584	19 March 2020
– RMB0.06833 per unit on 203,429,242.554 units	13,900,320	1,972,699	20 April 2020
– RMB0.06833 per unit on 200,638,920.454 units	13,709,657	1,925,371	20 May 2020
– RMB0.06833 per unit on 195,479,255.650 units	13,357,098	1,885,790	18 June 2020
	<u>180,808,481</u>	<u>25,767,232</u>	
	2019		Date of distribution
	in RMB	in US\$	
Distributions declared and paid during the year			
– RMB0.08267 per unit on 238,142,990.182 units	19,687,281	2,934,305	16 July 2018
– RMB0.08267 per unit on 281,462,840.204 units	23,268,533	3,377,513	15 August 2018
– RMB0.08267 per unit on 315,305,680.995 units	26,066,321	3,796,684	17 September 2018
– RMB0.08267 per unit on 328,151,330.641 units	27,128,271	3,921,829	15 October 2018
– RMB0.08267 per unit on 326,064,534.825 units	26,955,755	3,881,179	15 November 2018
– RMB0.08267 per unit on 325,593,187.831 units	26,916,789	3,898,780	17 December 2018
– RMB0.08267 per unit on 321,159,017.020 units	26,550,216	3,924,209	15 January 2019
– RMB0.08267 per unit on 306,022,278.703 units	25,298,862	3,727,877	15 February 2019
– RMB0.08267 per unit on 303,699,987.893 units	25,106,878	3,734,503	15 March 2019
– RMB0.07250 per unit on 296,165,884.855 units	21,472,027	3,201,579	15 April 2019
– RMB0.07250 per unit on 282,211,766.094 units	20,460,353	2,963,980	15 May 2019
– RMB0.06417 per unit on 278,194,901.303 units	17,851,767	2,574,284	17 June 2019
	<u>286,763,053</u>	<u>41,936,722</u>	

9 Distributions (continued)

Class AM Distribution H2-SGD

	2020 in SGD	in US\$	Date of distribution
Distributions declared and paid during the year			
– SGD 0.08375 per unit on 172.092 units	14	10	19 December 2019
– SGD 0.05583 per unit on 173.512 units	10	7	21 January 2020
– SGD 0.05583 per unit on 174.444 units	10	7	21 February 2020
– SGD 0.05583 per unit on 175.361 units	10	7	19 March 2020
– SGD 0.05583 per unit on 176.502 units	10	7	20 April 2020
– SGD 0.05583 per unit on 177.549 units	10	7	20 May 2020
– SGD 0.05583 per unit on 178.565 units	10	7	18 June 2020
	<u>74</u>	<u>52</u>	

Class AM Distribution H2-EUR

	2020 in EUR	in US\$	Date of distribution
Distributions declared and paid during the year			
– EUR 0.05250 per unit on 114.419 units	6	7	19 December 2019
– EUR 0.03500 per unit on 115.012 units	4	4	21 January 2020
– EUR 0.03917 per unit on 115.400 units	5	5	21 February 2020
– EUR 0.03917 per unit on 115.826 units	5	5	19 March 2020
– EUR 0.03917 per unit on 116.355 units	5	5	20 April 2020
– EUR 0.04333 per unit on 2,355.501 units	102	114	20 May 2020
– EUR 0.04333 per unit on 2,356.019 units	102	115	18 June 2020
	<u>229</u>	<u>255</u>	

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

9 Distributions (continued)

Class AM Distribution USD

	2020	in US\$	Date of distribution
Distributions declared and paid during the year			
– USD0.09000 per unit on 127.565 units		11	19 December 2019
– USD0.06000 per unit on 14,336.817 units		860	21 January 2020
– USD0.06000 per unit on 113,926.751 units		6,836	21 February 2020
– USD0.06000 per unit on 266,353.887 units		15,981	19 March 2020
– USD0.06000 per unit on 264,753.575 units		15,885	20 April 2020
– USD0.06000 per unit on 256,504.959 units		15,390	20 May 2020
– USD0.06000 per unit on 721,328.733 units		43,280	18 June 2020
		<u>98,243</u>	

Class AM Distribution HKD

	2020	in US\$	Date of distribution
	in HKD		
Distributions declared and paid during the year			
– HKD0.09000 per unit on 1,000.000 units	90	12	19 December 2019
– HKD0.06000 per unit on 1,008.911 units	61	8	21 January 2020
– HKD0.06000 per unit on 4,554,363.143 units	273,262	35,065	21 February 2020
– HKD0.06000 per unit on 5,841,380.499 units	350,483	45,218	19 March 2020
– HKD0.06000 per unit on 6,061,608.334 units	363,697	46,925	20 April 2020
– HKD0.06000 per unit on 6,161,818.160 units	369,709	47,698	20 May 2020
– HKD0.06000 per unit on 2,762,010.978 units	165,721	21,383	18 June 2020
	<u>1,523,023</u>	<u>196,309</u>	

9 Distributions (continued)

Class AM Distribution H2-AUD

	2020 in AUD	in US\$	Date of distribution
Distributions declared and paid during the year			
– AUD 0.07750 per unit on 185.022 units	14	10	19 December 2019
– AUD 0.05167 per unit on 37,992.642 units	1,963	1,314	21 January 2020
– AUD 0.05167 per unit on 187,018.987 units	9,663	6,230	21 February 2020
– AUD 0.05167 per unit on 338,552.361 units	17,493	10,707	19 March 2020
– AUD 0.05167 per unit on 334,200.775 units	17,268	11,286	20 April 2020
– AUD 0.05583 per unit on 282,288.722 units	15,760	10,461	20 May 2020
– AUD 0.05583 per unit on 276,647.552 units	15,445	10,631	18 June 2020
	<u>77,606</u>	<u>50,639</u>	

Class AM Distribution H2-CAD

	2020 in CAD	in US\$	Date of distribution
Distributions declared and paid during the year			
– CAD 0.07750 per unit on 167.978 units	13	10	19 December 2019
– CAD 0.05167 per unit on 18,153.848 units	938	709	21 January 2020
– CAD 0.05583 per unit on 31,382.166 units	1,752	1,305	21 February 2020
– CAD 0.06000 per unit on 31,383.058 units	1,883	1,323	19 March 2020
– CAD 0.06000 per unit on 38,641.521 units	2,318	1,664	20 April 2020
– CAD 0.06000 per unit on 38,642.618 units	2,319	1,678	20 May 2020
– CAD 0.06000 per unit on 39,607.810 units	2,376	1,744	18 June 2020
	<u>11,599</u>	<u>8,433</u>	

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

9 Distributions (continued)

Class AM Distribution H2-GBP

	2020 in GBP	in US\$	Date of distribution
Distributions declared and paid during the year			
– GBP 0.07125 per unit on 98,519 units	7	9	19 December 2019
– GBP 0.04750 per unit on 1,783.665 units	85	112	21 January 2020
– GBP 0.04750 per unit on 79,236.618 units	3,764	4,808	21 February 2020
– GBP 0.04750 per unit on 95,560.242 units	4,539	5,628	19 March 2020
– GBP 0.04750 per unit on 96,781.634 units	4,597	5,717	20 April 2020
– GBP 0.05167 per unit on 99,049.319 units	5,118	6,327	20 May 2020
– GBP 0.05167 per unit on 93,816.121 units	4,847	5,989	18 June 2020
	<u>22,957</u>	<u>28,590</u>	

Class AM Distribution H2-NZD

	2020 in NZD	in US\$	Date of distribution
Distributions declared and paid during the year			
– NZD 0.08375 per unit on 198.652 units	17	11	19 December 2019
– NZD 0.05583 per unit on 200.300 units	11	7	21 January 2020
– NZD 0.05583 per unit on 201.380 units	11	7	21 February 2020
– NZD 0.05583 per unit on 384,044.734 units	21,441	12,711	19 March 2020
– NZD 0.05583 per unit on 384,045.905 units	21,441	13,094	20 April 2020
– NZD 0.06000 per unit on 7,812.030 units	469	290	20 May 2020
– NZD 0.06000 per unit on 39,208.549 units	2,353	1,515	18 June 2020
	<u>45,743</u>	<u>27,635</u>	

10 Financial risk management

The Sub-Fund maintains an investment portfolio in a variety of listed or quoted financial instruments as dictated by its investment management strategy. The investment objective of the Sub-Fund is to achieve a long-term capital appreciation and income by investing primarily in a combination of U.S. or Canadian equity securities, debt securities and convertible securities. The Sub-Fund's investment portfolio comprises equities, bonds, investment fund, warrants, call options and forward contracts.

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Management has set out below the most important types of financial risks inherent in each type of financial instrument. The Management would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-Fund.

The nature and extent of the financial instruments outstanding at the date of the statement of net assets and the risk management policies employed by the Sub-Fund are discussed below.

(a) Market price risk

Market price risk is the risk that value of the Sub-Fund's investment portfolio will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Sub-Fund is exposed to price risk arising from changes in market prices. Price risk is managed by investing in a portfolio of different investments in accordance with the investment objectives of the Sub-Fund.

The following table discloses the financial assets and liabilities at fair value through profit or loss of the Sub-Fund by product type:

	2020 US\$	2019 US\$
Financial assets at fair value through profit or loss		
Equities	98,181,422	135,927,348
Bonds	143,068,023	218,607,516
Investment funds	–	6,155,000
Forward contracts (note 10(f))	786,814	400,859
	<u>242,036,259</u>	<u>361,090,723</u>
Financial liabilities at fair value through profit or loss		
Call options (note 10(f))	63,598	59,264
Forward contracts (note 10(f))	392,742	9,068,278
	<u>456,340</u>	<u>9,127,542</u>

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(a) Market price risk (continued)

The impact on a 5% (2019: 5%) increase in value of the investments as at 30 June 2020, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal but opposite amount.

Price sensitivity	Market exposures US\$	Change in net assets if investment value increased by 5% US\$
As at 30 June 2020		
Equities	98,181,422	4,909,071
Call options	(63,598)	(3,180)
	<hr/>	<hr/>
As at 30 June 2019		
Equities	135,927,348	6,796,367
Investment funds	6,155,000	307,750
Call options	(59,264)	(2,963)
	<hr/>	<hr/>

As at 30 June 2020 and 2019, the Sub-Fund invested in debt securities. The Manager considers that the price of debt investments is more sensitive to fluctuation in interest rates and credit ratings which are set out in notes 10(b) and 10(d) respectively.

10 Financial risk management (continued)

(b) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of debt instruments and therefore result in potential gain or loss to the Sub-Fund. The Sub-Fund's interest rate risk is managed on an ongoing basis by the Manager.

The following table details the exposure of the Sub-Fund to interest rate risk. It includes the Sub-Fund's interest-bearing assets and liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

	2020 US\$	2019 US\$
Assets		
Cash and cash equivalents		
– 1 year or less	9,006,492	6,889,365
Financial assets at fair value through profit or loss		
– 1 year or less	3,591,644	1,597,791
– over 1 year to 5 years	43,582,639	93,348,571
– over 5 years	95,893,740	123,661,154
Margin accounts		
– 1 year or less	654,980	698,856
	<hr/>	<hr/>
Total interest-bearing assets	<u>152,729,495</u>	<u>226,195,737</u>

Interest rate sensitivity

At 30 June 2020, assuming all other factors unchanged, it is estimated that an increase in interest rates of 50 basis points (2019: 50 basis points) would result in a decrease in the net assets attributable to the unitholders and the total comprehensive income by US\$2,027,031 (2019: US\$2,217,477); an equal change in the opposite direction would have changed the net assets attributable to unitholders and the total comprehensive income by an equal but opposite amount.

(c) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the SubFund is exposed to risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Sub-Fund's assets or liabilities denominated in other currencies.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(c) Currency risk (continued)

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may mitigate this risk by using financial derivative instruments. The Manager monitors the Sub-Fund's currency exposures on an ongoing basis.

As at 30 June 2020, had the US\$ weakened by 5% (2019: 5%) in relation to respective major currencies, with all other variables held constant, net assets attributable to unitholders would have increased/(decreased) by the amounts shown below.

	Net monetary and non-monetary exposure US\$	Change in net assets if US\$ weakened by 5% US\$
<i>As at 30 June 2020</i>		
Australian dollar	224,652	147,453
Renminbi	(1,124,641)	83,848,520
Canadian Dollar	8,117	11,305
Euro	971	1,214
British Pound	2,718	48,828
New Zealand Dollar	2,849	20,518
Singapore Dollar	28	94
	<u>(885,306)</u>	<u>84,077,932</u>
<i>As at 30 June 2019</i>		
Renminbi	<u>(3,807,244)</u>	<u>(123,004,425)</u>

(d) Credit risk

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, margin accounts, interest receivable, dividend receivable, amounts receivable on subscription, amounts due from brokers and other receivables balances.

10 Financial risk management (continued)

(d) Credit risk (continued)

Credit risk arising from investments in fixed income instruments is managed by reviewing and monitoring the credit quality and publicly available information of fixed income instruments or the relevant issuers on an ongoing basis.

As at 30 June 2020 and 2019, the credit ratings of the fixed income instruments or the relevant issuers as determined by S&P's are shown in the following table:

	2020	2019
AA	2%	0%
A	23%	2%
BBB	29%	3%
BB	2%	30%
B	8%	27%
CCC	0%	3%
Not rated	36%	35%
	<hr/>	<hr/>
	100%	100%
	<hr/>	<hr/>

Credit risk arising from derivative transactions with counterparties relates to transactions awaiting settlement. This credit risk is managed by monitoring the credit quality of the derivative instruments held by the Sub-Fund and the financial position of the derivative instrument counterparties.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used.

All of the cash held by the Sub-Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause Sub-Fund's rights with respect to the cash held by the bank to be delayed or limited. The bank is a group company of the HSBC Group with a credit rating of A- (2019: A) by S&P's, for which credit risk is considered insignificant. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2020 and 30 June 2019, all cash and cash equivalents, margin accounts, interest receivable, dividend receivable, amounts receivable on subscription, amounts due from brokers and other receivables are held with counterparties with a high credit rating of Baa (2019: Ba) or higher and are due to be settled within 1 week. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(d) Credit risk (continued)

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets. As at 30 June 2020 and 2019, there were no significant concentrations of credit risk to counterparties.

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Sub-Fund's constitution provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time. The listed investments of the Sub-Fund are considered to be readily realisable under normal market conditions. The Sub-Fund, however, also invests in quoted fixed income securities which may not be publicly traded on exchanges and may be illiquid.

The policy of the Sub-Fund is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

As at 30 June 2020 and 2019, the financial liabilities of the Sub-Fund are due within three months.

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

At 30 June 2020 and 2019, no individual investor held more than 10% of the Sub-Fund's redeemable units.

(f) Specific instruments

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or the underlying financial asset. Forwards are customised over-the-counter contracts and result in credit exposure to the counterparty.

Options grant holders the rights either to purchase from or sell to the writer of the option a designated financial instrument, currency, commodity or an index at a specified future for a specified price and may be settled in cash or the underlying financial asset. Options are customised over-the-counter contracts and result in credit exposure to the counterparty.

10 Financial risk management (continued)

(f) Specific instruments (continued)

Forward contracts and options result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, forward contracts and options are generally subject to liquidity risk.

As at 30 June 2020 and 2019, the details of the Sub-Fund's holdings in net settled foreign currency forward contracts are specified in the tables below:

Foreign currency forward contracts

As at 30 June 2020

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
USD	95,744	CNH	676,168	15 July 2020	152	–
USD	46,095	CNH	326,214	15 July 2020	–	(22)
USD	353,187	CNH	2,506,414	15 July 2020	–	(1,150)
USD	146,216	CNH	1,036,771	15 July 2020	–	(355)
USD	325,530	CNH	2,308,829	15 July 2020	–	(876)
USD	175,306	CNH	1,247,370	15 July 2020	–	(1,038)
USD	452,990	CNH	3,222,975	15 July 2020	–	(2,650)
USD	961,893	CNH	6,827,290	15 July 2020	–	(3,299)
USD	9,162	CNH	65,117	15 July 2020	–	(44)
USD	298,937	CNH	2,123,941	15 July 2020	–	(1,330)
USD	284,659	CNH	2,020,510	15 July 2020	–	(986)
USD	19,272	CNH	136,704	15 July 2020	–	(54)
USD	32,376	CNH	231,258	15 July 2020	–	(318)
USD	42,875	CNH	305,897	15 July 2020	–	(370)
USD	222,718	CNH	1,587,070	15 July 2020	–	(1,650)
USD	8,296	CNH	58,898	15 July 2020	–	(31)
USD	68,624	CNH	488,822	15 July 2020	–	(482)
USD	98,846	CNH	704,182	15 July 2020	–	(706)
USD	457,842	CNH	3,272,896	15 July 2020	–	(4,856)
USD	43,208	CNH	308,600	15 July 2020	–	(420)
USD	178,012	CNH	1,269,608	15 July 2020	–	(1,476)
USD	76,740	CNH	548,308	15 July 2020	–	(776)
USD	493,209	CNH	3,535,669	15 July 2020	–	(6,638)
USD	166,182	CNH	1,190,173	15 July 2020	–	(2,076)
USD	208,223	CNH	1,501,055	15 July 2020	–	(3,985)
USD	108,223	CNH	777,383	15 July 2020	–	(1,678)
USD	537,583	CNH	3,845,593	15 July 2020	–	(6,079)
USD	504,640	CNH	3,593,799	15 July 2020	–	(3,425)
USD	559,768	CNH	3,996,813	15 July 2020	–	(5,271)
USD	433,430	CNH	3,088,195	15 July 2020	–	(3,156)

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(f) Specific instruments (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
USD	331,902	CNH	2,353,533	15 July 2020	–	(823)
USD	256,717	CNH	1,815,428	15 July 2020	66	–
USD	369,553	CNH	2,619,311	15 July 2020	–	(746)
USD	616,926	CNH	4,361,647	15 July 2020	309	–
USD	350,219	CNH	2,478,542	15 July 2020	–	(178)
USD	7,854,585	CNH	55,654,363	15 July 2020	–	(13,415)
USD	923,624	CNH	6,552,855	15 July 2020	–	(2,770)
USD	15,816,286	CNH	112,210,002	15 July 2020	–	(47,130)
USD	546,850	CNH	3,883,021	15 July 2020	–	(2,103)
USD	379,387	CNH	2,689,219	15 July 2020	–	(795)
USD	315,197	CNH	2,234,029	15 July 2020	–	(634)
USD	1,081,140	CNH	7,656,006	15 July 2020	–	(1,209)
USD	203,447	CNH	1,438,895	15 July 2020	27	–
USD	185,467	CNH	1,309,403	15 July 2020	353	–
USD	291,022	CNH	2,064,389	15 July 2020	–	(826)
USD	878,535	CNH	6,221,226	15 July 2020	–	(976)
CNH	1,598,189,601	USD	225,833,695	15 July 2020	156,025	–
CNH	113,567	USD	16,051	15 July 2020	8	–
CNH	51,680,952	USD	7,320,072	15 July 2020	–	(12,211)
CNH	5,980,398	USD	847,504	15 July 2020	–	(1,855)
CNH	25,860,440	USD	3,666,776	15 July 2020	–	(10,025)
CNH	53,129,982	USD	7,481,552	15 July 2020	31,231	–
CNH	1,217,315	USD	170,466	15 July 2020	1,666	–
CNH	47,719,335	USD	6,705,149	15 July 2020	42,558	–
CNH	81,810	USD	11,502	15 July 2020	67	–
CNH	377,047	USD	52,867	15 July 2020	449	–
CNH	370,416	USD	52,036	15 July 2020	342	–
CNH	115,799	USD	16,135	15 July 2020	240	–
CNH	45,470,845	USD	6,363,524	15 July 2020	66,253	–
CNH	57,659,796	USD	8,132,863	15 July 2020	20,447	–
CNH	45,494,192	USD	6,434,970	15 July 2020	–	(1,933)
CNH	4,862,048	USD	687,257	15 July 2020	254	–
USD	33,367	AUD	53,717	15 July 2020	–	(3,632)
USD	380,963	AUD	588,443	15 July 2020	–	(24,334)
USD	216,399	AUD	325,993	15 July 2020	–	(8,132)
USD	60,862	AUD	88,332	15 July 2020	23	–
AUD	3,044,102	USD	1,870,866	15 July 2020	224,587	–
AUD	97,589	USD	62,606	15 July 2020	4,570	–

10 Financial risk management (continued)

(f) Specific instruments (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
AUD	10	USD	6	15 July 2020	1	–
AUD	80,641	USD	51,371	15 July 2020	4,139	–
AUD	54,321	USD	34,299	15 July 2020	3,094	–
AUD	31,683	USD	20,377	15 July 2020	1,432	–
AUD	105,716	USD	69,058	15 July 2020	3,712	–
AUD	11	USD	7	15 July 2020	1	–
AUD	198,255	USD	130,239	15 July 2020	6,231	–
AUD	11,589	USD	7,710	15 July 2020	268	–
AUD	87,434	USD	59,198	15 July 2020	987	–
AUD	83,572	USD	57,961	15 July 2020	–	(434)
AUD	54,145	USD	37,765	15 July 2020	–	(495)
AUD	11	USD	7	15 July 2020	0	–
AUD	68,966	USD	47,324	15 July 2020	148	–
AUD	74,608	USD	51,756	15 July 2020	–	(400)
USD	17,833	CAD	24,159	15 July 2020	98	–
USD	9,159	CAD	12,431	15 July 2020	33	–
USD	138,672	CAD	187,939	15 July 2020	705	–
CAD	283,522	USD	202,248	15 July 2020	5,960	–
CAD	9,234	USD	6,664	15 July 2020	117	–
CAD	69,307	USD	49,969	15 July 2020	927	–
CAD	10	USD	7	15 July 2020	0	–
CAD	10,574	USD	7,546	15 July 2020	219	–
CAD	10,363	USD	7,395	15 July 2020	216	–
CAD	10	USD	7	15 July 2020	0	–
CAD	10,912	USD	7,978	15 July 2020	35	–
CAD	12,073	USD	8,982	15 July 2020	–	(116)
CAD	34,174	USD	25,113	15 July 2020	–	(17)
CAD	10	USD	8	15 July 2020	0	–
CAD	10,431	USD	7,721	15 July 2020	–	(61)
EUR	1,050	USD	1,143	15 July 2020	36	–
EUR	34	USD	37	15 July 2020	1	–
EUR	5	USD	5	15 July 2020	0	–
EUR	30	USD	33	15 July 2020	1	–
EUR	21,782	USD	23,552	15 July 2020	916	–
EUR	5	USD	5	15 July 2020	0	–

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(f) Specific instruments (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
EUR	658	USD	722	15 July 2020	17	–
EUR	713	USD	801	15 July 2020	0	–
EUR	5	USD	6	15 July 2020	–	(0)
USD	14,330	GBP	11,610	15 July 2020	–	(19)
USD	39,949	GBP	31,454	15 July 2020	1,073	–
USD	9,662	GBP	7,593	15 July 2020	278	–
USD	26,881	GBP	21,258	15 July 2020	609	–
USD	38,941	GBP	30,842	15 July 2020	822	–
GBP	867,965	USD	1,070,079	15 July 2020	2,265	–
GBP	27,858	USD	35,020	15 July 2020	–	(602)
GBP	5	USD	6	15 July 2020	0	–
GBP	24,242	USD	30,232	15 July 2020	–	(282)
GBP	13,534	USD	16,772	15 July 2020	–	(52)
GBP	30,305	USD	37,541	15 July 2020	–	(99)
GBP	19,851	USD	24,276	15 July 2020	250	–
GBP	5	USD	6	15 July 2020	0	–
GBP	5,912	USD	7,210	15 July 2020	94	–
GBP	32,524	USD	40,416	15 July 2020	–	(233)
GBP	31,206	USD	39,566	15 July 2020	–	(1,012)
GBP	5	USD	7	15 July 2020	0	–
GBP	25,916	USD	32,389	15 July 2020	–	(371)
USD	2,487,430	NZD	4,164,531	15 July 2020	–	(194,673)
USD	26,720	NZD	44,579	15 July 2020	–	(1,991)
USD	1,320	NZD	2,216	15 July 2020	–	(108)
USD	30,788	NZD	47,946	15 July 2020	–	(91)
USD	25,215	NZD	38,931	15 July 2020	142	–
NZD	3,882,337	USD	2,310,914	15 July 2020	187,541	–
NZD	132,597	USD	80,975	15 July 2020	4,356	–
NZD	11	USD	7	15 July 2020	0	–
NZD	108,503	USD	65,701	15 July 2020	4,125	–
NZD	36,453	USD	21,847	15 July 2020	1,612	–
NZD	135,528	USD	82,872	15 July 2020	4,345	–
NZD	12	USD	7	15 July 2020	1	–
NZD	2,237	USD	1,362	15 July 2020	78	–
NZD	10,936	USD	6,771	15 July 2020	267	–

10 Financial risk management (continued)

(f) Specific instruments (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
NZD	2,738	USD	1,755	15 July 2020	7	–
NZD	395,141	USD	257,026	15 July 2020	–	(2,743)
NZD	2,069	USD	1,350	15 July 2020	–	(19)
NZD	12	USD	8	15 July 2020	–	(0)
USD	41	SGD	57	15 July 2020	0	–
SGD	1,592	USD	1,116	15 July 2020	25	–
SGD	52	USD	37	15 July 2020	1	–
SGD	10	USD	7	15 July 2020	0	–
SGD	43	USD	30	15 July 2020	1	–
SGD	56	USD	39	15 July 2020	1	–
SGD	10	USD	7	15 July 2020	0	–
SGD	58	USD	41	15 July 2020	0	–
SGD	56	USD	41	15 July 2020	–	(0)
SGD	10	USD	7	15 July 2020	0	–
SGD	49	USD	35	15 July 2020	–	(0)
					<u>786,814</u>	<u>(392,742)</u>

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(f) Specific instruments (continued)

Foreign currency forward contracts (continued)

As at 30 June 2019

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
USD	342,537	CNH	2,301,733	15 July 2019	7,664	–
USD	567,031	CNH	3,815,351	15 July 2019	11,946	–
USD	707,536	CNH	4,745,279	15 July 2019	17,158	–
USD	720,478	CNH	4,837,662	15 July 2019	16,659	–
USD	863,217	CNH	5,770,161	15 July 2019	23,732	–
USD	113,539	CNH	761,539	15 July 2019	2,744	–
USD	106,286	CNH	715,262	15 July 2019	2,224	–
USD	1,639,059	CNH	11,066,009	15 July 2019	29,095	–
USD	537,549	CNH	3,621,860	15 July 2019	10,614	–
USD	1,272,937	CNH	8,581,438	15 July 2019	24,446	–
USD	1,245,521	CNH	8,396,353	15 July 2019	23,958	–
USD	775,091	CNH	5,221,986	15 July 2019	15,359	–
USD	2,015,025	CNH	13,658,670	15 July 2019	27,861	–
USD	4,316,634	CNH	29,340,163	15 July 2019	48,012	–
USD	1,315,452	CNH	8,950,155	15 July 2019	13,318	–
USD	2,705,251	CNH	18,577,763	15 July 2019	2,421	–
USD	638,173	CNH	4,408,136	15 July 2019	–	(3,155)
USD	363,888	CNH	2,515,051	15 July 2019	–	(2,020)
USD	1,023,495	CNH	7,083,309	15 July 2019	–	(7,037)
USD	660,328	CNH	4,588,541	15 July 2019	–	(7,246)
USD	9,137,783	CNH	63,476,860	15 July 2019	–	(97,297)
USD	335,118	CNH	2,326,553	15 July 2019	–	(3,366)
USD	181,391	CNH	1,258,835	15 July 2019	–	(1,754)
USD	737,773	CNH	5,102,487	15 July 2019	–	(4,574)
USD	219,228	CNH	1,521,694	15 July 2019	–	(2,159)
USD	2,965,508	CNH	20,546,728	15 July 2019	–	(23,781)
USD	8,731,261	CNH	60,518,440	15 July 2019	–	(73,406)
USD	719,609	CNH	4,980,999	15 July 2019	–	(5,063)
USD	455,835	CNH	3,157,790	15 July 2019	–	(3,584)
USD	332,538	CNH	2,303,966	15 July 2019	–	(2,660)
USD	74,778	CNH	519,430	15 July 2019	–	(792)
USD	246,986	CNH	1,712,128	15 July 2019	–	(2,107)
USD	135,625	CNH	940,706	15 July 2019	–	(1,236)
USD	600,856	CNH	4,150,027	15 July 2019	–	(2,921)
USD	574,835	CNH	3,969,543	15 July 2019	–	(2,683)

10 Financial risk management (continued)

(f) Specific instruments (continued)

Foreign currency forward contracts (continued)

As at 30 June 2019 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
USD	214,944	CNH	1,473,603	15 July 2019	553	–
USD	432,728	CNH	2,971,061	15 July 2019	476	–
USD	594,464	CNH	4,087,415	15 July 2019	–	(203)
USD	900,491	CNH	6,195,636	15 July 2019	–	(896)
USD	2,525,663	CNH	17,384,156	15 July 2019	–	(3,511)
USD	319,446	CNH	2,195,772	15 July 2019	–	(11)
CNH	2,699,433,597	USD	401,604,135	15 July 2019	–	(8,801,167)
CNH	1,220,993	USD	181,621	15 July 2019	–	(3,951)
CNH	2,392,899	USD	356,697	15 July 2019	–	(8,499)
CNH	268,815	USD	39,955	15 July 2019	–	(839)
CNH	851,874	USD	126,288	15 July 2019	–	(2,329)
CNH	817,041	USD	118,921	15 July 2019	–	(31)
CNH	3,292,966	USD	474,961	15 July 2019	4,207	–
CNH	115,085	USD	16,584	15 July 2019	163	–
CNH	4,192,110	USD	605,908	15 July 2019	4,097	–
CNH	1,916,397	USD	276,329	15 July 2019	2,531	–
CNH	10,412,440	USD	1,502,301	15 July 2019	12,840	–
CNH	76,651,087	USD	11,058,034	15 July 2019	95,666	–
CNH	280,371	USD	40,468	15 July 2019	330	–
CNH	876,032	USD	126,337	15 July 2019	1,137	–
CNH	1,219,247	USD	175,768	15 July 2019	1,648	–
					<u>400,859</u>	<u>(9,068,278)</u>

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(f) Specific instruments (continued)

Call options

As at 30 June 2020 and 2019, the Sub-Fund's short positions in derivatives translated into US\$ were specified in the following table.

As at 30 June 2020

Type of contract	Expiration	Underlying	Fair value (liabilities) US\$
Call option	17 July 2020	Activision Blizzard Inc	(594)
Call option	17 July 2020	Adobe Inc	(5,980)
Call option	17 July 2020	Advanced Micro Devices Inc	(4,515)
Call option	17 July 2020	Alibaba Group Holding Ltd	(238)
Call option	17 July 2020	American Tower Corp	(322)
Call option	17 July 2020	Atlassian Corp Plc	(740)
Call option	17 July 2020	Broadcom Inc	(2,160)
Call option	17 July 2020	Costco Wholesale Corp	(136)
Call option	17 July 2020	Deere & Co	(630)
Call option	17 July 2020	Dollar General Corp	(270)
Call option	17 July 2020	Dr Horton Inc	(1,980)
Call option	17 July 2020	Home Depot Inc	(2,448)
Call option	17 July 2020	Intuitive Surgical Inc	(2,166)
Call option	17 July 2020	Mastercard Inc	(2,117)
Call option	17 July 2020	Micron Technology Inc	(1,320)
Call option	17 July 2020	Netflix Inc	(4,512)
Call option	17 July 2020	Nike Inc	(4,050)
Call option	17 July 2020	Nvidia Corp	(3,852)
Call option	17 July 2020	Paypal Holdings Inc	(2,176)
Call option	17 July 2020	Pepsico Inc 140	(490)
Call option	17 July 2020	Progressive Corp	(780)
Call option	17 July 2020	Qualcomm Inc	(6,350)
Call option	17 July 2020	S&P Global Inc	(600)
Call option	17 July 2020	Salesforce.Com Inc	(1,225)
Call option	17 July 2020	Servicenow Inc	(5,168)
Call option	17 July 2020	Target Corp	(360)
Call option	17 July 2020	Union Pacific Corp	(1,700)
Call option	17 July 2020	Unitedhealth Group Inc	(2,700)
Call option	17 July 2020	Vertex Pharmaceuticals Inc	(750)
Call option	17 July 2020	Workday Inc	(2,100)
Call option	17 July 2020	Zoetis Inc	(350)
Call option	17 July 2020	Zoom Video Communications Inc	(819)
			<hr/>
			(63,598)

10 Financial risk management (continued)

(f) Specific instruments (continued)

Call options (continued)

As at 30 June 2019

Type of contract	Expiration	Underlying	Fair value (liabilities) US\$
Call option	19 July 2019	Adobe Inc	(2,079)
Call option	19 July 2019	Alphabet Inc	(300)
Call option	19 July 2019	Apple Inc	(5,150)
Call option	19 July 2019	Boeing Co	(330)
Call option	19 July 2019	Boardcom Inc	(495)
Call option	19 July 2019	Deere & Co	(17,200)
Call option	19 July 2019	Dr Horton Inc	(425)
Call option	19 July 2019	Facebook Inc	(4,770)
Call option	19 July 2019	Fiserv Inc	(6,650)
Call option	19 July 2019	Home Depot Inc	(3,710)
Call option	19 July 2019	Honeywell International Inc	(1,450)
Call option	19 July 2019	Intuit Inc	(150)
Call option	19 July 2019	JPMorgan Chase & Co	(520)
Call option	19 July 2019	Microsoft Corp	(1,575)
Call option	19 July 2019	Nike Inc	(910)
Call option	19 July 2019	S&P Global Inc	(6,000)
Call option	19 July 2019	Starbucks Corp	(400)
Call option	19 July 2019	Take-two Interactive Software	(580)
Call option	19 July 2019	Target Corp	(1,200)
Call option	19 July 2019	Union Pacific Corp	(1,332)
Call option	19 July 2019	Vertex Pharmaceuticals Inc	(600)
Call option	19 July 2019	Walt Disney Co	(2,210)
Call option	19 July 2019	Workday Inc	(1,228)
			<hr/> (59,264) <hr/>

Warrants

As at 30 June 2020, the details of the Sub-Fund's holdings in warrant contracts are specified in the table below:

As at 30 June 2020

Type of contract	Expiration	Underlying	Fair value assets US\$
Warrants	6 October 2024	Cenveo Inc	–

As at 30 June 2019, the Sub-Fund did not hold warrant contracts.

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(g) Fair value information

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

HKFRS 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Sub-Fund. The 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.

10 Financial risk management (continued)

(g) Fair value information (continued)

The table below analyses financial instruments measured at fair value at the date of the statement of net assets by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 30 June 2020				
Assets				
Financial assets at fair value through profit or loss				
– Equities	98,175,538	5,884	–	98,181,422
– Bonds	–	143,068,023	–	143,068,023
– Forward contracts	–	786,814	–	786,814
Liabilities				
Financial liabilities at fair value through profit or loss				
– Call options	–	63,598	–	63,598
– Forward contracts	–	392,742	–	392,742
	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$

As at 30 June 2019

Assets

Financial assets at fair value through profit or loss				
– Equities	121,594,959	14,332,389	–	135,927,348
– Bonds	–	218,607,516	–	218,607,516
– Investment fund	–	6,155,000	–	6,155,000
– Forward contracts	–	400,859	–	400,859

Liabilities

Financial liabilities at fair value through profit or loss				
– Call options	–	59,264	–	59,264
– Forward contracts	–	9,068,278	–	9,068,278

Allianz Selection Income and Growth (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(g) Fair value information (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

There were no transfers of financial assets and financial liabilities between the fair value hierarchy levels during the years ended 30 June 2020 and 30 June 2019.

The assets and liabilities included in the statement of net assets, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Sub-Fund.

The Management monitors capital on the basis of the value of net assets attributable to unitholders.

11 Investment in Investment Fund

The investment in Investment Fund held by the Sub-Fund is subject to the terms and conditions of the Investment Fund's offering documentation and is susceptible to market price risk arising from uncertainties about future values of the Investment Fund. The investment manager makes investment decisions after extensive due diligence of the Investment Fund and its strategy. The Investment Fund is managed by the Manager who is compensated by the Investment Fund for its services. Such compensation consists of an asset based fee and is reflected in the valuation of the Sub-Fund's investment in the Investment Fund.

The maximum exposure to loss is the carrying amount of the Investment Fund held by the Sub-Fund.

11 Investment in Investment Fund (continued)

The table below sets out the details of the Sub-Fund's interests in investment fund.

	Net asset value of investment fund US\$'000	Net asset value of the Sub-Fund US\$'000	Investment fair value US\$'000	% of net assets attributable to holders of redeemable units
30 June 2020				
Investment in Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield)	–	–	–	0.0%
30 June 2019				
Investment in Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield)	35,043	358,213	6,155	1.7%

During the years ended 30 June 2020 and 2019, the Sub-Fund did not provide any other financial support except for the amount invested into the Investment Fund, and has no intention of providing further financial or other support.

The Sub-Fund's holding in the Investment Fund, as a percentage of the Investment Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investment Fund level. It is possible that the Sub-Fund may, at any point in time, holds a majority of the Investment Fund's total units in issue.

The Sub-Fund can redeem units in the above Investment Fund on a daily basis.

The Sub-Fund's maximum exposure to loss from its interests in Investment Fund equal to the total fair value of its investments in Investment Fund.

Once the Sub-Fund has disposed of its units in an investment fund the Sub-Fund ceases to be exposed to any risk from that investment fund.

The Sub-Fund's investment strategy entails trading in other funds on a regular basis. Total purchases in Investment Fund during the year ended 30 June 2020 was Nil (2019: Nil). The Sub-Fund intends to continue opportunistic trading in other funds. As at 30 June 2020 and 2019, there were no capital commitment obligations and no amounts due to the Investment Fund for unsettled purchases.

During the year ended 30 June 2020, total net gains incurred on investments in Investment Fund for the Sub-Fund were US\$1,430,000 (2019: US\$390,000).

Allianz Selection Income and Growth (continued)

Supplementary information

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48%</i>			
Listed equities 39.29%			
Bermuda 0.35%			
MARVELL TECHNOLOGY GROUP LTD COM USD0.002	25,200	883,512	0.35
Canada 0.20%			
GFL ENVIRONMENTAL INC PFD	10,425	508,010	0.20
China 0.25%			
ALIBABA GROUP HOLDING LTD ORD (1ADR REPS 8 SHARE)	2,900	625,530	0.25
Great Britain 0.30%			
ATLASSIAN CORP PLC CLASS A COM USD0.1	4,100	739,107	0.30
Jersey 0.35%			
APTIV PLC PFD	8,445	867,977	0.35
United States 37.84%			
ABBVIE INC COM USD0.01	15,400	1,511,972	0.61
ACTIVISION BLIZZARD INC COM USD0.000001	5,000	379,500	0.15
ADOBE INC COM USD0.0001	3,875	1,686,826	0.67
ADVANCED MICRO DEVICES INC COM USD0.01	20,300	1,067,983	0.43
ALIGN TECHNOLOGY INC COM USD0.0001	4,500	1,234,980	0.49
ALPHABET INC CL A USD0.001	2,400	3,403,320	1.36
AMAZON.COM INC COM USD0.01	1,400	3,862,348	1.55
AMERICAN TOWER CORP REIT COM USD0.01	4,100	1,060,014	0.42
AON PLC COM USD0.01	400	77,040	0.03
APPLE INC COM NPV	11,200	4,085,760	1.63
ASSURANT INC PFD	3,845	400,034	0.16
AVANTOR INC PFD	12,135	696,549	0.28
BECTON DICKINSON AND CO PFD	8,810	468,692	0.19

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Listed equities 39.29% (continued)			
United States 37.84% (continued)			
BECTON DICKINSON AND CO PFD	5,995	627,617	0.25
BIOGEN INC COM USD0.0005	1,950	521,723	0.21
BANK OF AMERICA CORP SERIES L PREFERRED SHS	1,110	1,489,842	0.60
BOEING CO/THE COM USD5	4,600	843,180	0.34
BOSTON SCIENTIFIC CORP COM USD0.01	29,200	1,025,212	0.41
BRISTOL-MYERS SQUIBB CO COM USD0.1	19,200	1,128,960	0.45
BROADCOM INC COM NPV	3,500	1,104,635	0.44
BROADCOM INC PFD	1,510	1,682,669	0.67
CATERPILLAR INC COM USD1	7,600	961,400	0.38
CCF HOLDINGS LLC COM NPV	1,786	–	0.00
THE CHEMOURS COMPANY COM NPV	17,600	270,160	0.11
CISCO SYSTEMS INC COM USD0.001	13,900	648,296	0.26
COSTCO WHOLESALE CORP COM USD0.005	3,600	1,091,556	0.44
CROWDSTRIKE HOLDINGS INC COM NPV	8,300	832,407	0.33
CROWN CASTLE INTERNATIONAL CORP REIT USD0.01	4,600	769,810	0.31
CROWN CASTLE INTERNATIONAL CORP PFD	810	1,203,085	0.48
DANAHER CORP PFD	1,220	1,521,181	0.61
DANAHER CORP PFD	570	611,969	0.24
DEERE & CO COM USD1	2,700	424,305	0.17
DOLLAR GENERAL CORP COM USD0.875	7,300	1,390,723	0.56
DOW INC COM USD.01	7,699	313,811	0.13
DR HORTON INC COM USD0.01	17,300	959,285	0.38
DUPONT DE NEMOURS INC COM USD0.01	7,700	409,101	0.16
ELANCO ANIMAL HEALTH INC PFD	9,210	354,032	0.14
FACEBOOK INC CL A COM USD0.000006	12,500	2,838,375	1.14
FISERV INC COM USD0.01	10,700	1,044,534	0.42
FORTIVE CORPORATION PFD	1,085	934,413	0.37
GILEAD SCIENCES INC COM USD0.001	11,450	880,963	0.35
HOME DEPOT INC COM USD0.05	7,100	1,778,621	0.71
HONEYWELL INTERNATIONAL INC COM USD1	6,200	896,458	0.36
INTERNATIONAL BUSINESS MACHINES CORP COM USD0.2	2,750	332,118	0.13
INTL FLAVOR & FRAGRANCES PFD	16,850	746,455	0.30
INTUIT INC COM USD0.01	4,400	1,303,236	0.52
INTUITIVE SURGICAL INC COM USD0.001	1,400	797,762	0.32

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Listed equities 39.29% (continued)			
United States 37.84% (continued)			
JP MORGAN CHASE & CO COM USD1	8,200	771,292	0.31
LAM RESEARCH CORP COM USD0.001	4,200	1,358,532	0.54
MASTERCARD INC A COM USD0.0001 USD0.0001	5,725	1,692,883	0.68
MCDONALD'S CORP COM USD0.01	5,600	1,033,032	0.41
MCKESSON CORP COM USD0.01	5,650	866,823	0.35
MERCK & CO INC COM USD0.5	7,800	603,174	0.24
MICRON TECHNOLOGY INC COM USD0.1	16,700	860,384	0.34
MICROSOFT CORP COM USD0.00001	20,500	4,171,955	1.67
NETAPP INC COM USD0.001	5,000	221,850	0.09
NETFLIX INC COM USD0.001	4,300	1,956,672	0.78
NEXTERA ENERGY INC PFD	18,795	797,848	0.32
NIKE INC CL B COM NPV (USD)	19,100	1,872,755	0.75
NVIDIA CORP COM USD.001	3,500	1,329,685	0.53
PAYPAL HOLDINGS INC COM USD0.0001 W/I	11,300	1,968,799	0.79
PEPSICO INC COM USD0.017	3,500	462,910	0.19
PROGRESSIVE CORP/THE COM USD1	2,700	216,297	0.09
QUALCOMM INC COM USD0.0001	9,500	866,495	0.35
S&P GLOBAL INC COM USD1	3,100	1,021,388	0.41
SALESFORCE.COM INC COM USD0.001	8,800	1,648,504	0.66
THE CHARLES SCHWAB CORP COM USD0.01	20,500	691,670	0.28
SEMPRA ENERGY PFD	9,675	945,538	0.38
SERVICENOW INC COM USD0.001	4,000	1,620,240	0.65
SOUTHERN CO PFD SHARE	6,000	264,360	0.11
STANLEY BLACK & DECKER I-PFD	2,690	240,700	0.10
STARBUCKS CORP COM USD0.001	12,900	949,311	0.38
TARGET CORP COM USD0.0833	7,600	911,468	0.36
THERMO FISHER SCIENTIFIC INC COM USD1	3,700	1,340,658	0.54
UNION PACIFIC CORP COM USD2.5	3,800	642,466	0.26
UNITEDHEALTH GROUP INC COM USD0.01	7,000	2,064,650	0.83
VALERO ENERGY CORP	14,700	864,654	0.35
VERTEX PHARMACEUTICALS INC COM USD0.01	3,900	1,132,209	0.45
VISA INC CL A SHS COM USD0.0001	12,900	2,491,893	1.00

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Listed equities 39.29% (continued)			
United States 37.84% (continued)			
WELLS FARGO CO SER L PRE SHARE	775	1,005,175	0.40
WORKDAY INC CL A COM USD0.001	6,800	1,274,048	0.51
WYNN RESORTS LTD COM USD0.01	6,100	454,389	0.18
ZOETIS INC COM USD0.01	7,100	972,984	0.39
ZOOM VIDEO COMMUNICATIONS INC COM U SD.001	1,300	329,602	0.13
2020 CASH EXCH TRUST PFD	940	961,197	0.38
Total listed equities		<u>98,175,538</u>	<u>39.29</u>
Unlisted but quoted equities 0.00%			
United States 0.00%			
CCF HLDGS LLC	1,637	–	0.00
ERICKSON INC NEW COM NPV	349	5,884	0.00
Total unlisted but quoted equities		<u>5,884</u>	<u>0.00</u>
Listed bonds 17.20%			
Canada 0.60%			
BROOKFIELD FINANCE INC (REG) 4.85% 29/03/2029	1,250,000	1,488,063	0.60
Great Britain 1.67%			
BARCLAYS PLC (REG) 5.2% 12/05/2026	1,250,000	1,404,308	0.56
HSBC HOLDINGS PLC (REG) 4.375% 23/11/2026	1,250,000	1,399,268	0.56
STANDARD CHARTERED PLC (SER 144A) (REG) 4.05% 12/04/2026	1,250,000	1,367,634	0.55
United States 14.93%			
AMERICAN TOWER CORP 3.8% 15/08/2029	1,250,000	1,441,376	0.58
ANHEUSER-BUSCH INBEV WOR (REG) 4% 13/04/2028	1,250,000	1,450,613	0.58
ANTHEM INC (REG) 4.101% 01/03/2028	1,250,000	1,480,664	0.59
AON CORP (REG) 3.75% 02/05/2029	1,250,000	1,441,909	0.58
AT&T INC (SER *) (REG) 4.1% 15/02/2028	1,250,000	1,446,632	0.58

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Listed bonds 17.20% (continued)			
United States 14.93% (continued)			
BB&T CORPORATION (SER MTN) (REG) 3.875% 19/03/2029	1,250,000	1,428,955	0.57
CARDINAL HEALTH INC (REG) 3.41% 15/06/2027	1,250,000	1,405,406	0.56
CITIGROUP INC (REG) 4.45% 29/09/2027	1,250,000	1,440,527	0.58
CREE INC (REG) CONV. 875% 01/09/2023	550,000	649,543	0.26
CROWN CASTLE INTL CORP (REG) 3.65% 01/09/2027	650,000	735,475	0.29
DOCUSIGN INC (REG) CONV 0.5% 15/09/2023	210,000	508,247	0.20
FORD MOTOR COMPANY (REG) 4.346% 08/12/2026	1,250,000	1,169,135	0.47
GENERAL MOTORS CO (REG) 4.875% 02/10/2023	1,250,000	1,351,688	0.54
HP ENTERPRISE CO (REG) 4.9% 15/10/2025	1,250,000	1,456,947	0.58
JPMORGAN CHASE & CO (REG) 4.125% 15/12/2026	1,250,000	1,458,200	0.58
KINDER MORGAN INC (REG) 4.3% 01/03/2028	1,000,000	1,150,997	0.46
LEAR CORP (REG) 3.8% 15/09/2027	400,000	412,632	0.17
LOWE'S COS INC (REG) 3.65% 05/04/2029	650,000	748,952	0.30
MONGODDB INC CONV. 25% 15/01/2026	940,000	1,186,026	0.47
PHILLIPS 66 (REG) 3.9% 15/03/2028	1,250,000	1,415,685	0.57
REYNOLDS AMERICAN INC (REG) 4.45% 12/06/2025	1,250,000	1,412,123	0.56
ROPER TECHNOLOGIES INC (REG) 4.2% 15/09/2028	1,250,000	1,480,757	0.59
SAREPTA THERAPEUTICS INC CONV 1.5% 15/11/2024	280,000	646,438	0.26
SHERWIN-WILLIAMS CO (REG) 3.45% 01/06/2027	1,250,000	1,404,317	0.56
SYNCHRONY FINANCIAL (REG) 5.15% 19/03/2029	1,050,000	1,198,081	0.48
TARGET CORP (REG) 3.375% 15/04/2029	600,000	696,405	0.28
TRANSOCEAN INC (REG) CONV 0.5% 30/01/2023	635,000	266,355	0.11
TYSON FOODS INC (REG) 4.35% 01/03/2029	1,250,000	1,488,681	0.60
UNION PACIFIC CORP (REG) 3.95% 10/09/2028	600,000	717,056	0.29
UNITED TECHNOLOGIES CORP (REG) 4.125% 16/11/2028	1,250,000	1,481,479	0.59
WASTE MANAGEMENT INC (REG) 3.45% 15/06/2029	1,250,000	1,293,784	0.52
WELLS FARGO & CO SER GMTN (REG) 4.3% 22/07/2027	1,250,000	1,455,706	0.58
Total listed bonds		<u>42,980,064</u>	<u>17.20</u>

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted bonds 40.01%			
Bermuda 0.23%			
NCL CORPORATION LTD (REG) CONV 6% 15/05/2024	425,000	570,893	0.23
Canada 0.47%			
ROYAL BANK OF CANADA (SER GMTN) (REG) 4.65% 27/01/2026	1,000,000	1,186,044	0.47
Cayman Islands 0.36%			
SMART GLOBAL HOLDINGS IN (REG) CONV 2.25% 15/02/2026	1,000,000	904,650	0.36
LUCKIN COFFEE INC (SER 144A) CONV. 75% 15/01/2025	40,000	10,089	0.00
Great Britain 0.57%			
NATIONWIDE BLDG SOCIETY SER 144A 3.9% 21/07/2025	1,250,000	1,424,010	0.57
Liberia 0.26%			
ROYAL CARIBBEAN CRUISES CONV 4.25% 15/06/2023	705,000	657,071	0.26
Singapore 0.19%			
SEA LTD (SER 144A) (REG) CONV 2.375% 01/12/2025	340,000	473,597	0.19
Switzerland 0.57%			
UBS GROUP AG (SER 144A) (REG) 4.125% 24/09/2025	1,250,000	1,432,677	0.57
United States 37.36%			
ADVANCED MICRO DEVICES (REG) CONV 2.125% 01/09/2026	35,000	228,656	0.09
AKAMAI TECHNOLOGIES INC (REG) CONV 0.125% 01/05/2025	1,135,000	1,413,153	0.57
ALTERYX INC (REG) CONV. 5% 01/08/2024	345,000	393,346	0.16
ALTERYX INC (REG) CONV 1% 01/08/2026	510,000	582,423	0.23
AMERICAN AIRLINES GROUP (REG) CONV 6.5% 01/07/2025	215,000	203,056	0.08
AMERISOURCEBERGEN CORP 3.45% (REG) 15/12/2027	1,250,000	1,413,452	0.57
AMGEN INC (REG) 3.2% 02/11/2027	1,250,000	1,401,525	0.56
APPLE INC (REG) 3.25% 23/02/2026	1,250,000	1,418,853	0.57
BANK OF AMERICA CORP (REG) VAR 23/07/2029	1,250,000	1,496,957	0.60

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted bonds 40.01% (continued)			
United States 37.36% (continued)			
BIOMARIN PHARMACEUTICAL (REG) CONV 0.599% 01/08/2024	350,000	430,474	0.17
BIOMARIN PHARMACEUTICAL 1.25% 15/05/2027 CONV	340,000	398,756	0.16
BOFA FINANCE LLC (SER MTN) (REG) CONV. 125% 01/09/2022	1,000,000	1,046,015	0.42
BOINGO WIRELESS (REG) 1% 01/10/2023 CONV	935,000	844,734	0.34
BOOKING HOLDINGS INC 4.625% 13/04/2030	600,000	709,204	0.28
BROADCOM INC (SER 144A) (REG) 4.11% 15/09/2028	1,315,000	1,445,764	0.58
BURLINGTON STORES INC (REG) 2.25% 15/04/2025	255,000	292,964	0.12
CAPITAL ONE FINANCIAL CORP (REG) 4.2% 29/10/2025	650,000	727,397	0.29
CENTURYLINK INC (SER 144A) (REG) 4% 15/02/2027	1,250,000	1,238,993	0.50
CENVEO ESCROW ESCROW CUSIP 144A 0% 31/12/2049	280,000	5,132	0.00
CHARTER COMM OPT LLC/CAP (REG) 4.908% 23/07/2025	1,250,000	1,461,070	0.58
CHEGG INC (REG) CONV. 125% 15/03/2025	620,000	888,905	0.36
CLOUDFLARE INC (REG) CONV 0.75% 15/05/2025	205,000	244,438	0.10
COMCAST CORP (REG) 4.15% 15/10/2028	600,000	724,921	0.29
COMMUNITY CHOICE FIN ISS 9% 06/09/2020	500,000	499,283	0.20
COMMUNITY CHOICE FINanci 10.75% 15/12/2023	533,444	236,435	0.09
CONMED CORP 2.625% SNR NTS 01/02/2024	170,000	177,023	0.07
CONSTELLATION BRANDS INC (REG) 3.6% 15/02/2028	1,250,000	1,399,406	0.56
COUPA SOFTWARE INC (REG) CONV. 375% 15/06/2026	1,025,000	1,185,840	0.47
CVS HEALTH CORP (REG) 4.3% 25/03/2028	1,250,000	1,480,186	0.59
DATADOG INC (REG) CONV. 125% 15/06/2025	515,000	608,311	0.24
DELL INT LLC/EMC CORP (SER 144A) 6.1% 15/07/2027	1,200,000	1,403,590	0.56
DEXCOM INC CONV. 25% 15/11/2025	1,590,000	1,622,907	0.65
DISCOVER BANK (SER BKNT) (REG) 4.65% 13/09/2028	1,250,000	1,454,795	0.58
DISCOVERY COMMUNICATIONS (REG) 4.125% 15/05/2029	1,250,000	1,433,120	0.57
DISH NETWORK CORP CONV (SER 144A) 3.375% 15/08/2026	1,080,000	1,016,242	0.41
ENPHASE ENERGY INC (REG) CONV 0.25% 01/03/2025	80,000	72,223	0.03
EP ENERGY/EP FINANCE INC (REG) 9.375% 01/05/2020	250,000	416	0.00
EQT CORP CONV 1.75% 01/05/2026	355,000	367,689	0.15
ETSY INC CONV. 125% 01/10/2026	745,000	1,019,792	0.41

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted bonds 40.01% (continued)			
United States 37.36% (continued)			
EVERBRIDGE INC (REG) CONV. 125% 15/12/2024	365,000	502,330	0.20
EXACT SCIENCES CORP (REG) CONV. 375% 01/03/2028	265,000	254,252	0.10
EXACT SCIENCES CORP 0.375% (REG) 15/03/2027	1,075,000	1,112,135	0.44
EXPEDIA GROUP INC (SER 144A) 6.25% 01/05/2025	600,000	649,116	0.26
FEDEX CORP (REG) 4.25% 15/05/2030	600,000	691,455	0.28
FIVE9 INC (REG) CONV. 5% 01/06/2025	545,000	585,697	0.23
GOLDMAN SACHS GROUP INC 3.75% 22/05/2025	1,250,000	1,388,606	0.56
GREENBRIER COS INC SER 144A (REG) CONV 2.875% 01/02/2024	610,000	514,900	0.21
HALOZYME THERAPEUTICS IN (REG) CONV 1.25% 01/12/2024	455,000	572,759	0.23
HUBSPOT INC (REG) CONV. 375% 01/06/2025	380,000	407,243	0.16
IAC FINANCECO 2 INC CONV. 875% 15/06/2026	965,000	1,190,529	0.48
IAC FINANCECO 3 INC CONV 2% 15/01/2030	340,000	440,178	0.18
INFINERA CORP (REG) CONV 2.125% 01/09/2024	435,000	375,958	0.15
INPHI CORP CONV 0.75% 15/04/2025	715,000	860,399	0.34
INSULET CORPORATION CONV. 375% 01/09/2026	1,170,000	1,283,478	0.51
J2 GLOBAL (REG) CONV 1.75% 01/11/2026	625,000	530,568	0.21
JP MORGAN CHASE BANK NA (REG) CONV. 125% 01/01/2023	1,000,000	1,070,563	0.43
KBR INC 2.5% 01/11/2023 CONV	550,000	618,957	0.25
LAM RESEARCH CORP (REG) 1.9% 15/06/2030	600,000	614,412	0.25
LENDINGTREE INC 0.625% CONV 01/06/2022	240,000	363,175	0.15
LIBERTY MEDIA CORP (REG) CONV 1% 30/01/2023	405,000	444,263	0.18
LIBERTY MEDIA CORP CONV 2.75% 01/12/2049	1,065,000	1,002,877	0.40
LIBERTY MUTUAL GROUP INC (SER 144A) 4.569% 01/02/2029	1,250,000	1,484,617	0.59
LIVE NATION ENTERTAINMENT CONV 2% 15/02/2025	200,000	173,769	0.07
LIVE NATION ENTERTAINMENT CONV 2.5% 15/03/2023	825,000	850,650	0.34
LIVONGO HEALTH (REG) CONV. 875% 01/06/2025	310,000	375,334	0.15
LUMENTUM HOLDINGS INC (SER QIB) (REG) CONV .5% 15/12/2026	970,000	1,012,925	0.41
MERITOR INC 3.25% CONV 15/10/2037	555,000	558,062	0.22
MICROCHIP TECHNOLOGY INC (REG) 1.625% CONV 15/02/2027	1,365,000	2,024,143	0.81
MICRON TECHNOLOGY INC (REG) 4.663% 15/02/2030	1,250,000	1,482,957	0.59
MORGAN STANLEY (SER GMTN) (REG) VAR 23/01/2030	1,250,000	1,510,400	0.60
NEUROCRINE BIOSCIENCES CONV 2.25% 15/05/2024	660,000	1,100,745	0.44
NUANCE COMMUNICATIONS 1.25% CONV 01/04/2025	465,000	647,027	0.26

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted bonds 40.01% (continued)			
United States 37.36% (continued)			
OKTA INC (REG) CONV. 125% 01/09/2025	620,000	768,761	0.31
OKTA INC (REG) CONV 0.375% 15/06/2026	295,000	319,765	0.13
ON SEMICONDUCTOR CORPORATION CONV 1.625% 15/10/2023	815,000	991,750	0.40
O'REILLY AUTOMOTIVE INC (REG) 3.6% 01/09/2027	1,250,000	1,422,672	0.57
PALO ALTO NETWORKS 0.75% CONV 01/07/2023	240,000	259,886	0.10
PALO ALTO NETWORKS INC 0.375% 01/06/2025	570,000	569,970	0.23
PEGASYSTEMS INC (REG) CONV. 75% 01/03/2025	345,000	358,098	0.14
PIONEER NATURAL RESOURCE (REG) 0.25% 15/05/2025 CONV	580,000	692,071	0.28
PLURALSIGHT INC (REG) CONV. 375% 01/03/2024	520,000	457,662	0.18
PROOFPOINT INC CONV. 25% 15/08/2024	705,000	700,962	0.28
PURE STORAGE INC (REG) CONV 0.125% 15/04/2023	605,000	594,897	0.24
REALPAGE INC (REG) CONV 1.5% 15/05/2025	220,000	239,511	0.10
REPLIGEN CORP (REG) 0.375% 15/07/2024 (CONV)	900,000	1,136,996	0.45
RESTORATION HARDWARE (REG) CONV 0% 15/06/2023	535,000	752,659	0.30
RINGCENTRAL INC (REG) CONV 0% 01/03/2025	815,000	873,607	0.35
SABINE PASS LIQUEFACTION LLC (REG) 5.75% 15/05/2024	750,000	853,010	0.34
SCHLUMBERGER HLDGS CORP (SER 144A) (REG) 4% 21/12/2025	1,250,000	1,381,644	0.55
SFX ENTERTAINMENT INC SER 144A (REG) 9.625% 01/02/2049	350,000	0	0.00
SLACK TECHNOLOGIES INC 0.5% CONV 15/04/2025	445,000	550,831	0.22
SNAP INC (REG) CONV. 75% 01/08/2026	970,000	1,214,797	0.49
SOUTHWEST AIRLINES CO (REG) CONV 1.25% 01/05/2025	685,000	823,413	0.33
SPLUNK INC (REG) CONV 1.125% 15/06/2027	1,340,000	1,435,679	0.57
SQUARE INC (REG) CONV. 125% 01/03/2025	360,000	411,499	0.16
SQUARE INC (REG) CONV 0.5% 15/05/2023	980,000	1,462,228	0.58
TELADOC HEALTH INC (REG) CONV 1.25% 01/06/2027	985,000	1,105,188	0.44
TERADYNE INC (REG) CONV 1.25% 15/12/2023	155,000	415,117	0.17
TESLA INC (REG) CONV 2% 15/05/2024	115,000	402,960	0.16

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted bonds 40.01% (continued)			
United States 37.36% (continued)			
TESLA MOTORS INC (REG) CONV 1.25% 01/03/2021	1,030,000	3,092,360	1.24
TWITTER INC CONV 0.25% 15/06/2024	655,000	620,647	0.25
VERIZON COMMUNICATIONS (REG) 4.125% 16/03/2027	1,250,000	1,486,235	0.59
VIAVI SOLUTIONS INC CONV 1% 01/03/2024	960,000	1,112,048	0.44
VONAGE HOLDINGS CORP (REG) CONV 1.75% 01/06/2024	315,000	296,579	0.12
WAYFAIR INC (REG) CONV 1% 15/08/2026	570,000	834,245	0.33
WELLPOINT INC (REG) CONV 2.75% 15/10/2042	175,000	644,237	0.26
WESTERN DIGITAL CORP 1.5% 01/02/2024	945,000	901,445	0.36
WINDSTREAM SRVC/FIN SER 144A (REG) 6.375% 01/08/2023	796,000	72,884	0.03
WINNEBAGO INDUSTRIES (REG) CONV 1.5% 01/04/2025	500,000	619,950	0.25
WORKDAY INC 0.25% CONV 01/10/2022	565,000	784,613	0.31
ZENDESK INC (REG) CONV 0.625% 15/06/2025	625,000	666,882	0.27
ZILLOW GROUP INC (REG) 1.5% CONV 01/07/2023	840,000	885,175	0.35
ZILLOW GROUP INC (REG) CONV 2.75% 1 5/05/2025	380,000	447,991	0.18
ZSCALER INC CONV 0.125% 01/07/2025	660,000	680,738	0.27
ZYNGA INC (REG) CONV. 25% 01/06/2024	315,000	405,341	0.16
Total unlisted but quoted bonds		<u>100,087,959</u>	<u>40.01</u>

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted warrants 0.00%			
United States 0.00%			
CENVEO INC WTS 06/10/2024	29,600	—	0.00
Total unlisted but quoted warrants		—	0.00
Unlisted but quoted call options (0.02)%			
United States (0.02)%			
ACTIVISION BLIZZARD INC 82.5 CALL 17/07/2020	18	(594)	(0.00)
ADOBE INC 455 CALL 17/07/2020	20	(5,980)	(0.00)
ADVANCED MICRO DEVICES INC 60 CALL 17/07/2020	105	(4,515)	(0.00)
ALIBABA GROUP HOLDING LTD 250 CALL 17/07/2020	17	(238)	(0.00)
AMERICAN TOWER CORP 280 CALL 17/07/2020	7	(322)	(0.00)
ATLASSIAN CORP PLC 210 CALL 17/07/2020	20	(740)	(0.00)
BROADCOM INC 340 CALL 17/07/2020	18	(2,160)	(0.00)
COSTCO WHOLESALE CORP 322.5 CALL 17/07/2020	4	(136)	(0.00)
DEERE & CO 175 CALL 17/07/2020	14	(630)	(0.00)
DOLLAR GENERAL CORP 207.5 CALL 17/07/2020	18	(270)	(0.00)
DR HORTON INC 60 CALL 17/07/2020	44	(1,980)	(0.00)
HOME DEPOT INC/THE 267.5 CALL 17/07/2020	36	(2,448)	(0.00)
INTUITIVE SURGICAL INC 610 CALL 17/07/2020	6	(2,166)	(0.00)
MASTERCARD INC 320 CALL 17/07/2020	29	(2,117)	(0.00)
MICRON TECHNOLOGY INC 60 CALL 17/07/2020	120	(1,320)	(0.00)
NETFLIX INC 525 CALL 17/07/2020	16	(4,512)	(0.00)
NIKE INC 110 CALL 21/08/2020	50	(4,050)	(0.00)
NVIDIA CORP 340 CALL 15/05/2020	25	—	(0.00)
NVIDIA CORP 415 CALL 17/07/2020	18	(3,852)	(0.00)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 96.48% (continued)</i>			
Unlisted but quoted call options (0.02)% (continued)			
United States (0.02)% (continued)			
PAYPAL HOLDINGS INC 195 CALL 17/07/2020	34	(2,176)	(0.00)
PEPSICO INC 140 CALL 17/07/2020	14	(490)	(0.00)
PROGRESSIVE CORP/THE 85 CALL 17/07/2020	13	(780)	(0.00)
QUALCOMM INC 95 CALL 17/07/2020	50	(6,350)	(0.01)
S&P GLOBAL INC 360 CALL 17/07/2020	10	(600)	(0.00)
SALESFORCE.COM INC 210 CALL 17/07/2020	35	(1,225)	(0.00)
SERVICENOW INC 440 CALL 17/07/2020	17	(5,168)	(0.01)
TARGET CORP 135 CALL 17/07/2020	40	(360)	(0.00)
UNION PACIFIC CORP 180 CALL 17/07/2020	20	(1,700)	(0.00)
UNITEDHEALTH GROUP INC 320 CALL 17/07/2020	20	(2,700)	(0.00)
VERTEX PHARMACEUTICALS INC 320 CALL 17/07/2020	10	(750)	(0.00)
WORKDAY INC 210 CALL 17/07/2020	35	(2,100)	(0.00)
ZOETIS INC 145 CALL 17/07/2020	10	(350)	(0.00)
ZOOM VIDEO COMMUNICATIONS INC 300 CALL 17/07/2020	7	(819)	(0.00)
Total unlisted but quoted call options		<u>(63,598)</u>	<u>(0.02)</u>
Total listed/unlisted but quoted investments		241,185,847	96.48
Forward Contracts (0.16%)		<u>394,072</u>	<u>0.16</u>
Total investments		241,579,919	96.64
Other net assets/(liabilities)		<u>8,399,984</u>	<u>3.36</u>
Net assets attributable to unitholders as at 30 June 2020		<u>249,979,903</u>	<u>100.00</u>
Total investments, at cost		<u>231,484,361</u>	

Note: Investments are accounted for on a trade date basis.

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Statement of movement in portfolio holdings (continued)
for the year ended 30 June 2020 (Unaudited)

	% of Net Assets 2020	% of Net Assets 2019
<i>Listed/unlisted but quoted investments</i>		
Listed equities		
Bermuda	0.35	0.31
Canada	0.20	–
China	0.25	0.63
Great Britain	0.30	–
Israel	–	0.02
Jersey	0.35	–
United States	37.84	32.98
	<hr/>	<hr/>
Total listed equities	39.29	33.94
	<hr/>	<hr/>
Unlisted but quoted equities		
Bermuda	–	0.03
United States	0.00	3.97
	<hr/>	<hr/>
Total unlisted but quoted equities	0.00	4.00
	<hr/>	<hr/>
Listed bonds		
Canada	0.60	–
Great Britain	1.67	0.47
United States	14.93	9.66
	<hr/>	<hr/>
Total listed bonds	17.20	10.13
	<hr/>	<hr/>
Unlisted but quoted bonds		
Bermuda	0.23	0.44
Canada	0.47	1.35
Cayman Islands	0.36	0.19
China	–	0.68
Great Britain	0.57	0.53
Israel	–	0.27
Jersey	–	0.30
Liberia	0.26	–
Luxembourg	–	0.59

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Performance record (Unaudited)

	% of Net Assets 2020	% of Net Assets 2019
<i>Listed/unlisted but quoted investments (continued)</i>		
Unlisted but quoted bonds (continued)		
Netherlands	–	0.13
Singapore	0.19	–
Switzerland	0.57	–
United States	37.36	46.42
Total unlisted but quoted bonds	40.01	50.90
Unlisted but quoted investment fund		
Hong Kong	–	1.72
Total investment fund	–	1.72
Unlisted but quoted warrants		
United States	0.00	0.00
Total warrants	0.00	0.00
Unlisted but quoted call options		
United States	(0.02)	(0.01)
Total call options	(0.02)	(0.01)
Total listed/unlisted but quoted investments	96.48	100.68
Forward contracts		
Total investments	96.64	98.26
Other net assets/(liabilities)	3.36	1.74
Net assets attributable to unitholders as at year end	100.00	100.00

Allianz Selection Income and Growth (continued)

Supplementary information (continued)

Performance record (Unaudited)

(a) Price record (Dealing net asset value per unit) since inception

Year	Class AM Distribution H2-RMB			
	Lowest		Highest	
2020	RMB	7.22	RMB	9.47
2019	RMB	8.04	RMB	9.63
2018	RMB	9.21	RMB	9.86
2017	RMB	8.93	RMB	9.52
2016	RMB	8.53	RMB	10.26
2015	RMB	9.90	RMB	10.56
Year	Class AM Distribution H2-SGD			
	Lowest		Highest	
2020	SGD	8.14	SGD	10.67
Year	Class AM Distribution H2-EUR			
	Lowest		Highest	
2020	EUR	8.15	EUR	10.66
Year	Class AM Distribution USD			
	Lowest		Highest	
2020	USD	8.15	USD	10.67
Year	Class AM Distribution HKD			
	Lowest		Highest	
2020	HKD	8.07	HKD	10.58
Year	Class AM Distribution H2-AUD			
	Lowest		Highest	
2020	AUD	8.08	AUD	10.63
Year	Class AM Distribution H2-CAD			
	Lowest		Highest	
2020	CAD	8.16	CAD	10.69
Year	Class AM Distribution H2-GBP			
	Lowest		Highest	
2020	GBP	8.11	GBP	10.64

(a) Price record (Dealing net asset value per unit) since inception (continued)

Year	Class AM Distribution H2-NZD			
	Lowest		Highest	
2020	NZD	9.12	NZD	11.57
Year	Class IT Accumulation EUR			
	Lowest		Highest	
2020	EUR	–	EUR	–
2019	EUR	–	EUR	–
2018	EUR	–	EUR	–
2017	EUR	–	EUR	–
2016	EUR	11.12	EUR	12.78
2015	EUR	9.89	EUR	13.07

(b) Total net asset value (calculated in accordance with HKFRS)

	2020	2019	2018
Total net asset value	US\$ 249,979,903	US\$ 358,212,562	US\$ 299,733,468

(c) Net asset value per unit (calculated in accordance with HKFRS)

	2020	2019	2018
Net asset value per unit			
– Class AM Distribution H2-AUD	AUD 10.33	AUD –	AUD –
– Class AM Distribution H2-CAD	CAD 10.42	CAD –	CAD –
– Class AM Distribution H2-EUR	EUR 10.46	EUR –	EUR –
– Class AM Distribution H2-GBP	GBP 10.38	GBP –	GBP –
– Class AM Distribution H2-NZD	NZD 11.45	NZD –	NZD –
– Class AM Distribution H2-SGD	SGD 10.43	SGD –	SGD –
– Class AM Distribution H2-RMB	RMB 9.20	RMB 9.03	RMB 9.37
– Class AM Distribution HKD	HKD 10.35	HKD –	HKD –
– Class AM Distribution USD	USD 10.47	USD –	USD –

Trustee's report

Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) ("the Sub-Fund")

We hereby confirm that, to the best of our knowledge, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 10 September 2014, as amended, for the year ended 30 June 2020.

)
) For and on behalf of
) HSBC Institutional Trust Services (Asia) Limited
) 滙豐機構信託服務(亞洲)有限公司
)

Independent auditor's report to the Unitholders of Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) (the "Sub-Fund"), a sub-fund of the Allianz Global Investors Asia Fund, set out on pages 107 to 144, which comprise:

- the statement of net assets as at 30 June 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30 June 2020, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code.

Independent auditor's report to the Unitholders of Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) (continued)

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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 in this regard.

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines 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 Management of the Sub-Fund is responsible for assessing the Sub-Fund's 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 10 September 2014, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Independent auditor's report to the Unitholders of Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) (continued)

Auditor's 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 auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the Unitholders of Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) (continued)

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 October 2020

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield)

Statement of Net Assets as at 30 June 2020

	Note	2020 US\$	2019 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss	10(a)	14,973,124	34,610,032
Dividend receivable		8,688	–
Interest receivable		–	118
Amounts receivable on subscription		–	46,437
Amounts due from brokers		242,653	21,103
Other receivables		2,591	43,359
Cash and cash equivalents	6(d)	31,872	1,775,929
Total assets		<u>15,258,928</u>	<u>36,496,978</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	10(a)	25,258	639,156
Amounts payable on redemption		138,822	51,171
Amounts due to brokers		–	712,767
Other payables	6	49,317	50,962
Total liabilities (excluding net assets attributable to unitholders)		<u>213,397</u>	<u>1,454,056</u>
Net assets attributable to unitholders		<u>15,045,531</u>	<u>35,042,922</u>

Approved by the Trustee and the Manager on 23 October 2020

)
) For and on behalf of
) HSBC Institutional Trust Services (Asia) Limited
) 滙豐機構信託服務(亞洲)有限公司
)
)
) For and on behalf of
) Allianz Global Investors Asia Pacific Limited
)

The accompanying notes form an integral part of these financial statements.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Statement of Comprehensive Income for the year ended 30 June 2020

	Note	2020 US\$	2019 US\$
Income			
Dividend income		101,081	–
Interest income on deposits	6(d)	8,377	11,592
Net (losses)/gains on financial assets and liabilities at fair value through profit or loss	4	(1,433,543)	1,220,866
Net foreign exchange gains/(losses)		1,644	(2,695)
Other income		538	–
Total net (loss)/income		<u>(1,321,903)</u>	<u>1,229,763</u>
Expenses			
Audit fee		(11,943)	(15,456)
Trustee's fee	6(b)	(24,006)	(22,437)
Management fee	6(a)	(324,114)	(314,069)
Administrative fees		(22,961)	(12,449)
Registrar's and transfer agent's fees	6(c)	(5,680)	(5,797)
Legal and professional fees		(12,561)	(218)
Safe custody fees, bank charges and miscellaneous expenses	6	<u>(65,726)</u>	<u>(43,725)</u>
Total operating expenses		<u>(466,991)</u>	<u>(414,151)</u>
Net (losses)/profits before taxation and distributions		(1,788,894)	815,612
Withholding tax	5	<u>(49,703)</u>	<u>(454)</u>
Net (losses)/profits before distributions		(1,838,597)	815,158
Distributions to unitholders	9	<u>(1,846,192)</u>	<u>(2,454,490)</u>
Decrease in net assets attributable to unitholders from operations		<u>(3,684,789)</u>	<u>(1,639,332)</u>

The accompanying notes form an integral part of these financial statements.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Statement of Changes in Net Assets Attributable to Unitholders for the year ended 30 June 2020

	2020 US\$	2019 US\$
Net assets attributable to unitholders at the beginning of the year	35,042,922	35,366,486
Subscription of units	17,270,208	16,435,100
Redemption of units	(33,582,810)	(15,119,332)
Net (decrease)/increase from transactions with unitholders	(16,312,602)	1,315,768
Decrease in net assets attributable to unitholders from operations	(3,684,789)	(1,639,332)
Net assets attributable to unitholders at the end of the year	15,045,531	35,042,922

The accompanying notes form an integral part of these financial statements.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Cash Flow Statement for the year ended 30 June 2020

	Note	2020 US\$	2019 US\$
Cash flows from operating activities			
Decrease in net assets attributable to unitholders from operations		(3,684,789)	(1,639,332)
Adjustment for:			
Dividend income		(101,081)	–
Interest income on deposits		(8,377)	(11,592)
Distributions to unitholders	9	1,846,192	2,454,490
Withholding tax	5	49,703	454
Operating (loss)/gain before changes in working capital		(1,898,352)	804,020
Net change in financial assets and financial liabilities at fair value through profit or loss		19,023,010	(358,936)
Net change in amounts due from brokers		(221,550)	(21,103)
Net change in amounts due to brokers		(712,767)	531,011
Net change in other receivables		40,768	(43,359)
Net change in other payables		(1,645)	(25,730)
Cash generated from operations		16,229,464	885,903
Dividend income received		92,393	–
Interest income on deposits received		8,495	11,487
Tax paid	5	(49,703)	(454)
Net cash generated from operating activities		16,280,649	896,936
Cash flows from financing activities			
Proceeds from subscription of units		17,316,645	17,772,534
Payments on redemption of units		(33,495,159)	(15,166,796)
Distributions paid	9	(1,846,192)	(2,454,490)
Net cash (used in)/generated from financing activities		(18,024,706)	151,248
Net (decrease)/increase in cash and cash equivalents		(1,744,057)	1,048,184
Cash and cash equivalents at the beginning of the year		1,775,929	727,745
Cash and cash equivalents at the end of the year		31,872	1,775,929

The accompanying notes form an integral part of these financial statements.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements

1 The Sub-Fund

Allianz Preferred Securities and Income (formerly known as Allianz Selection US High Yield) (the “Sub-Fund”) is a sub-fund of Allianz Global Investors Asia Fund (the “Trust”). The Trust is an open-ended unit trust established under a trust deed dated 10 September 2014, as amended (the “Trust Deed”), and governed by the laws of Hong Kong.

With effect from 27 April 2020, the name of the Sub-Fund has been changed from Allianz Selection US High Yield to Allianz Preferred Securities and Income.

The objective of the Sub-Fund before 27 April 2020 is to achieve long-term capital appreciation and income by investing primarily in U.S. corporate bonds rated below investment grade. The objective of the Sub-Fund starting from 27 April 2020 is to achieve income and long-term capital appreciation by investing primarily in preferred securities and interest bearing securities. The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (“SFC”) under section 104 of the Hong Kong Securities and Futures Ordinance (“HKSF”) and is governed by the Code on Unit Trusts and Mutual Funds issued by the SFC.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements of the Sub-Fund are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (the “Management”) to exercise their judgement in the process of applying the Sub-Fund’s accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Standards and amendments to existing standards effective 1 July 2019

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2019 that have a material effect on the financial statements of the Sub-Fund.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(a) *Basis of preparation (continued)*

New standards, amendments and interpretations effective after 1 July 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) *Financial assets and financial liabilities at fair value through profit or loss*

(i) *Classification*

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The Sub-Fund's policy requires the Management to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

2 Summary of significant accounting policies (continued)

(b) *Financial assets and financial liabilities at fair value through profit or loss (continued)*

(ii) *Recognition, derecognition and measurement*

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investments. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets or financial liabilities at fair value through profit or loss” category are presented in the statement of comprehensive income within net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the period in which they arise.

The Sub-Fund uses the weighted average cost method to determine realised gains and losses on derecognition.

(iii) *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, Management will determine the point within the bid-ask spread that is more representative of fair value.

Securities which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

In the absence of quoted values or brokers’ representative prices, securities are valued using appropriate valuation techniques as reasonably determined by the Management. Debt securities are fair valued inclusive of accrued interest.

(iv) *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting year.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise an asset and settle a liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Fund or the counterparty.

(d) Income

Interest income is recognised on a time proportionate basis, using the effective interest method. Interest income on deposits is disclosed separately in the statement of comprehensive income. Interest income on debt securities is included in net gains/(losses) on financial assets and liabilities at fair value through profit or loss.

Dividend income is recognised when the right to receive payment is established, with the corresponding foreign withholding taxes recorded as an expense.

Other income is accounted for on an accrual basis.

(e) Expenses

Expenses are accounted for on an accrual basis.

(f) Subscriptions and redemptions

The Sub-Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

2 Summary of significant accounting policies (continued)

(g) Units in issue

The Sub-Fund issues redeemable units, which are redeemable at the holder's option, represent puttable financial instruments of the Sub-Fund. The puttable financial instruments are classified as equity if they meet all the following criteria:

- the puttable instruments entitle the holder to a pro-rata share of net assets;
- the puttable instruments are the most subordinated unit in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable instrument over its life are based substantially on the profit or loss of the Sub-Fund.

The Sub-Fund issues two classes of redeemable units in issue and do not have identical rights. Therefore, they do not meet the criteria for equity classification and are classified as financial liabilities. They are measured at the redemption amount that is payable at the year end date if the holder exercises the right to put the units back to the Sub-Fund.

(h) Foreign currency translation

(i) Functional and presentation currency

The Management considers the United States Dollars ("US\$") to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The US\$ is the currency in which the Sub-Fund measures its performance and reports its results.

The financial statements of the Sub-Fund are presented in US\$, which is the Sub-Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "net foreign exchange gains/(losses)".

Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets and liabilities at fair value through profit or loss".

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

2 Summary of significant accounting policies (continued)

(i) Amounts due from or due to brokers

Amounts due from and to brokers represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of net assets date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(j) Cash and cash equivalents

Cash and cash equivalents include cash at bank, bank deposits with original maturities of 3 months or less from the date of placement net of bank overdrafts, if any.

(k) Distributions to unitholders

Proposed distributions to unitholders of the Sub-Fund are recognised in the statement of comprehensive income when they are appropriately authorised.

3 Critical accounting estimates and judgements

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Fair value of securities not quoted in an active market

The Sub-Fund holds a number of debt securities that are valued by reference to broker quotes. In determining the fair value of such investments, the Manager exercises judgements and estimates on the sources of brokers and the quantity and quality of quotes used. Such quotes may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of the year end date. Actual transacted prices may differ from the quotes provided by the brokers. The Manager considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

4 Net (losses)/gains on financial assets and liabilities at fair value through profit or loss

	2020 US\$	2019 US\$
Movement of unrealised gains/losses	325,903	2,029,049
Realised losses	(1,759,446)	(808,183)
	<u>(1,433,543)</u>	<u>1,220,866</u>

5 Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Sub-Fund is authorised as a collective investment scheme under section 104 of the HKSFPO and is therefore exempt from profits tax under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Dividend income and Interest income received by the Sub-Fund is subject to withholding tax imposed in certain countries of origin. Dividend income and Interest income is recognised gross of taxes and the corresponding withholding tax is recognised as tax expense.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

6 Related party transactions/Transactions with the Manager, the Trustee and their connected persons

The following is a summary of significant related party transactions or transactions entered into during the year between the Sub-Fund and the Manager, the Trustee and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds issued by the SFC. All transactions during the year between the Sub-Fund and the Manager, the Trustee and their connected persons were entered into in the ordinary course of business and on normal commercial terms. To the best of the knowledge of the Manager and the Trustee, the Sub-Fund did not have any other transactions with connected persons except for those disclosed below.

- (a) The Sub-Fund is managed by Allianz Global Investors Asia Pacific Limited, the Manager, which receives a management fee, payable monthly in arrears, equivalent to a percentage per annum of the net asset value as follows:

	% charged 2020	% charged 2019
For Class AM Distribution H2-RMB	1.20% p.a.	1.20% p.a.
For Class AM Distribution H2-AUD	1.20% p.a.	—
For Class AM Distribution H2-CAD	1.20% p.a.	—
For Class AM Distribution H2-EUR	1.20% p.a.	—
For Class AM Distribution H2-GBP	1.20% p.a.	—
For Class AM Distribution H2-SGD	1.20% p.a.	—
For Class AM Distribution H2-NZD	1.20% p.a.	—
For Class AM Distribution USD	1.20% p.a.	—
For Class AM Distribution HKD	1.20% p.a.	—
For Class AMg Distribution H2-RMB	1.20% p.a.	—
For Class AMg Distribution H2-AUD	1.20% p.a.	—
For Class AMg Distribution H2-CAD	1.20% p.a.	—
For Class AMg Distribution H2-EUR	1.20% p.a.	—
For Class AMg Distribution H2-GBP	1.20% p.a.	—
For Class AMg Distribution H2-SGD	1.20% p.a.	—
For Class AMg Distribution H2-NZD	1.20% p.a.	—
For Class AMg Distribution USD	1.20% p.a.	—
For Class AMg Distribution HKD	1.20% p.a.	—
For Class IT Accumulation EUR	0.60% p.a.	0.60% p.a.
For Class IT Accumulation USD	0.00% p.a.	0.00% p.a.
	2020	2019
	US\$	US\$
(i) Management fee for the year	324,114	314,069
(ii) Management fee payable at year end	15,229	28,192

6 Related party transactions/Transactions with the Manager, the Trustee and their connected persons (continued)

- (b) The Trustee, HSBC Institutional Trust Services (Asia) Limited, a subsidiary within the HSBC Group, receives a trustee's fee, payable monthly, equivalent to 0.07% per annum of the net asset value of the Sub-Fund, subject to a minimum annual fee of US\$8,000. In addition, the Trustee provides valuation services to the Sub-Fund in return for a valuation fee.

	2020	2019
	US\$	US\$
(i) Trustee's fee for the year	24,006	22,437
(ii) Trustee's fee payable at year end	891	1,996
(iii) Valuation fee for the year	31,560	18,800
(iv) Valuation fee payable at year end	<u>8,400</u>	<u>1,520</u>

- (c) The registrar of the Trust is Allianz Global Investors Asia Pacific Limited which receives registrar's and transfer agent's fees from the Sub-Fund.

	2020	2019
	US\$	US\$
(i) Registrar's and transfer agent's fees for the year	5,680	5,797
(ii) Registrar's and transfer agent's fees payable at year end	<u>1,053</u>	<u>1,051</u>

- (d) Bank accounts are maintained with The Hongkong and Shanghai Banking Corporation Limited, a subsidiary within the HSBC Group. The balances of the accounts, interest income and bank charges are set out below:

	2020	2019
	US\$	US\$
Cash at bank at year end	31,872	1,775,929
Interest income on deposits for the year	8,377	11,592
Bank charges for the year	<u>8,482</u>	<u>7,382</u>

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

6 Related party transactions/Transactions with the Manager, the Trustee and their connected persons (continued)

- (d) In addition, it provides safe custody services and services in connection with purchases and sales transactions to the Sub-Fund in return for a safe custody fee and a transaction handling fee respectively.

	2020 US\$	2019 US\$
(i) Safe custody fee for the year	7,776	8,210
(ii) Transaction handling fee for the year	7,540	8,190
(iii) Transaction handling fee payable at year end	<u>230</u>	<u>680</u>

- (e) The counterparty of all forward contracts held by the Sub-Fund during the year is The Hongkong and Shanghai Banking Corporation Limited. All outstanding forward contracts as at 30 June 2020 and 2019 are set out in note 10(f).

- (f) During the years ended 30 June 2020 and 2019, the Sub-Fund's units were subscribed and redeemed by the Manager and its affiliates as follows:

	2020	2019
Allianz Selection Income and Growth		
Class IT Accumulation USD		
Number of units held brought forward	500,000.000	500,000.000
Units subscribed during the year	–	–
Units redeemed during the year	<u>(500,000.000)</u>	<u>–</u>
Number of units held carried forward	<u>–</u>	<u>500,000.000</u>

7 Soft commission arrangements

The Manager confirms that there have been no soft commission arrangements existed during the years ended 30 June 2020 and 2019 in relation to directing transactions of the Sub-Fund through a broker or dealer.

8 Units issued and redeemed

Capital movement

	2020	2019
(i) Class AM Distribution H2-RMB		
Number of units in issue brought forward	25,278,210.050	24,096,366.685
Units issued during the year	15,152,764.043	14,184,847.251
Units redeemed during the year	(25,209,548.842)	(13,003,003.886)
Number of units in issue carried forward	<u>15,221,425.251</u>	<u>25,278,210.050</u>
Net assets per unit as at year end	<u>US\$0.98</u>	<u>US\$1.14</u>
Net assets per unit as at year end	<u>RMB6.94</u>	<u>RMB7.70</u>
(ii) Class AM Distribution H2-AUD		
Number of units in issue brought forward	–	–
Units issued during the year	200.846	–
Units redeemed during the year	–	–
Number of units in issue carried forward	<u>200.846</u>	<u>–</u>
Net assets per unit as at year end	<u>US\$ 7.00</u>	<u>US\$ –</u>
Net assets per unit as at year end	<u>AUD 10.17</u>	<u>AUD –</u>

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(iii) Class AM Distribution H2-CAD		
Number of units in issue brought forward	–	–
Units issued during the year	182.846	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	182.846	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 7.46	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	CAD 10.16	CAD –
	<hr/>	<hr/>
(iv) Class AM Distribution H2-EUR		
Number of units in issue brought forward	–	–
Units issued during the year	119.275	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	119.275	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 11.51	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	EUR 10.25	EUR –
	<hr/>	<hr/>
(v) Class AM Distribution H2-GBP		
Number of units in issue brought forward	–	–
Units issued during the year	104.285	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	104.285	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 12.55	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	GBP 10.16	GBP –
	<hr/>	<hr/>

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(vi) Class AM Distribution H2-SGD		
Number of units in issue brought forward	–	–
Units issued during the year	182.705	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	182.705	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 7.33	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	SGD 10.22	SGD –
	<hr/>	<hr/>
(vii) Class AM Distribution H2-NZD		
Number of units in issue brought forward	–	–
Units issued during the year	214.073	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	214.073	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 6.55	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	NZD 10.17	NZD –
	<hr/>	<hr/>
(viii) Class AM Distribution USD		
Number of units in issue brought forward	–	–
Units issued during the year	3,414.306	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	3,414.306	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 10.23	US\$ –
	<hr/>	<hr/>

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(ix) Class AM Distribution HKD		
Number of units in issue brought forward	–	–
Units issued during the year	1,005.771	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	1,005.771	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 1.32	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	HKD 10.23	HKD –
	<hr/>	<hr/>
(x) Class AMg Distribution H2-RMB		
Number of units in issue brought forward	–	–
Units issued during the year	920.976	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	920.976	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 1.44	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	RMB 10.20	RMB –
	<hr/>	<hr/>
(xi) Class AMg Distribution H2-AUD		
Number of units in issue brought forward	–	–
Units issued during the year	3,125.585	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	3,125.585	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 6.99	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	AUD 10.15	AUD –
	<hr/>	<hr/>

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(xii) Class AMg Distribution H2-CAD		
Number of units in issue brought forward	–	–
Units issued during the year	182,690	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	182,690	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 7.44	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	CAD 10.14	CAD –
	<hr/>	<hr/>
(xiii) Class AMg Distribution H2-EUR		
Number of units in issue brought forward	–	–
Units issued during the year	119,460	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	119,460	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 11.49	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	EUR 10.23	EUR –
	<hr/>	<hr/>

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(xiv) Class AMg Distribution H2-GBP		
Number of units in issue brought forward	–	–
Units issued during the year	104.447	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	104.447	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 12.53	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	GBP 10.14	GBP –
	<hr/>	<hr/>
(xv) Class AMg Distribution H2-SGD		
Number of units in issue brought forward	–	–
Units issued during the year	182.990	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	182.990	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 7.33	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	SGD 10.22	SGD –
	<hr/>	<hr/>
(xvi) Class AMg Distribution H2-NZD		
Number of units in issue brought forward	–	–
Units issued during the year	214.407	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	214.407	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 6.53	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	NZD 10.15	NZD –
	<hr/>	<hr/>

8 Units issued and redeemed (continued)

Capital movement (continued)

	2020	2019
(xvii) Class AMg Distribution USD		
Number of units in issue brought forward	–	–
Units issued during the year	2,996.729	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	2,996.729	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 10.22	US\$ –
	<hr/>	<hr/>
(xviii) Class AMg Distribution HKD		
Number of units in issue brought forward	–	–
Units issued during the year	1,007.339	–
Units redeemed during the year	–	–
	<hr/>	<hr/>
Number of units in issue carried forward	1,007.339	–
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ 1.32	US\$ –
	<hr/>	<hr/>
Net assets per unit as at year end	HKD 10.22	HKD –
	<hr/>	<hr/>
(xix) Class IT Accumulation USD		
Number of units in issue brought forward	500,000.000	500,000.000
Units issued during the year	–	–
Units redeemed during the year	(500,000.000)	–
	<hr/>	<hr/>
Number of units in issue carried forward	–	500,000.000
	<hr/>	<hr/>
Net assets per unit as at year end	US\$ –	US\$ 12.32
	<hr/>	<hr/>

The Sub-Fund is not subject to any externally imposed capital requirements.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

9 Distributions

Class AM Distribution H2-RMB

	2020 in RMB	in US\$	Date of distribution
Distributions declared and paid during the year			
– RMB0.04600 per unit on 29,892,718.875 units	1,375,065	199,810	18 July 2019
– RMB0.04600 per unit on 28,977,647.119 units	1,332,972	189,173	20 August 2019
– RMB0.04600 per unit on 28,654,958.551 units	1,318,128	187,418	19 September 2019
– RMB0.04200 per unit on 28,861,908.414 units	1,212,200	171,142	18 October 2019
– RMB0.04200 per unit on 28,636,098.725 units	1,202,716	171,159	20 November 2019
– RMB0.04200 per unit on 27,538,814.975 units	1,156,630	164,996	19 December 2019
– RMB0.04200 per unit on 28,857,590.249 units	1,212,019	176,085	21 January 2020
– RMB0.04600 per unit on 23,706,445.873 units	1,090,497	155,893	21 February 2020
– RMB0.04600 per unit on 23,480,524.955 units	1,080,104	153,656	19 March 2020
– RMB0.04600 per unit on 19,740,727.596 units	908,073	128,882	20 April 2020
– RMB0.03250 per unit on 16,807,690.726 units	546,250	76,733	20 May 2020
– RMB0.03250 per unit on 15,463,480.473 units	502,563	70,954	18 June 2020
	<u>12,937,217</u>	<u>1,845,901</u>	

	2019 in RMB	in US\$	Date of distribution
Distributions declared and paid during the year			
– RMB0.06867 per unit on 23,862,441.579 units	1,638,634	244,232	16 July 2018
– RMB0.06867 per unit on 23,423,530.544 units	1,608,494	233,480	15 August 2018
– RMB0.06867 per unit on 22,285,777.784 units	1,530,364	222,905	17 September 2018
– RMB0.06400 per unit on 21,668,311.893 units	1,386,772	200,480	15 October 2018
– RMB0.06400 per unit on 22,211,388.782 units	1,421,529	204,676	15 November 2018
– RMB0.06400 per unit on 21,720,326.490 units	1,390,101	201,350	17 December 2018
– RMB0.06400 per unit on 21,243,016.721 units	1,359,553	200,946	15 January 2019
– RMB0.06400 per unit on 20,307,229.733 units	1,299,663	191,510	15 February 2019
– RMB0.06400 per unit on 20,476,790.436 units	1,310,515	194,931	15 March 2019
– RMB0.05500 per unit on 23,656,357.804 units	1,301,100	194,000	15 April 2019
– RMB0.05500 per unit on 24,916,107.466 units	1,370,386	198,520	15 May 2019
– RMB0.04600 per unit on 25,245,177.862 units	1,161,278	167,460	17 June 2019
	<u>16,778,389</u>	<u>2,454,490</u>	

Class AM Distribution H2-AUD

	2020 in AUD	in US\$	Date of distribution
Distributions declared and paid during the year			
– AUD 0.05290 per unit on 199.812 units	<u>11</u>	<u>8</u>	18 June 2020

9 Distributions (continued)

Class AM Distribution H2-CAD

	2020 in CAD	in US\$	Date of distribution
Distributions declared and paid during the year – CAD 0.05910 per unit on 181.358 units	<u>11</u>	<u>8</u>	18 June 2020

Class AM Distribution H2-EUR

	2020 in EUR	in US\$	Date of distribution
Distributions declared and paid during the year – EUR 0.03410 per unit on 118.879 units	<u>4</u>	<u>4</u>	18 June 2020

Class AM Distribution H2-GBP

	2020 in GBP	in US\$	Date of distribution
Distributions declared and paid during the year – GBP 0.04660 per unit on 103.812 units	<u>5</u>	<u>6</u>	18 June 2020

Class AM Distribution H2-NZD

	2020 in NZD	in US\$	Date of distribution
Distributions declared and paid during the year – NZD 0.05910 per unit on 212.842 units	<u>13</u>	<u>8</u>	18 June 2020

Class AM Distribution H2-SGD

	2020 in SGD	in US\$	Date of distribution
Distributions declared and paid during the year – SGD 0.05290 per unit on 181.766 units	<u>10</u>	<u>7</u>	18 June 2020

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

9 Distributions (continued)

Class AM Distribution HKD

	2020 in HKD	in US\$	Date of distribution
Distributions declared and paid during the year – HKD0.05910 per unit on 1,000.000 units	<u>59</u>	<u>8</u>	18 June 2020

Class AM Distribution USD

	2020 in US\$	Date of distribution
Distributions declared and paid during the year – USD0.05910 per unit on 2,673.063 units	<u>158</u>	18 June 2020

Class AMg Distribution H2-AUD

	2020 in AUD	in US\$	Date of distribution
Distributions declared and paid during the year – AUD 0.06880 per unit on 199.821 units	<u>14</u>	<u>10</u>	18 June 2020

Class AMg Distribution H2-CAD

	2020 in CAD	in US\$	Date of distribution
Distributions declared and paid during the year – CAD 0.07500 per unit on 181.358 units	<u>14</u>	<u>10</u>	18 June 2020

Class AMg Distribution H2-EUR

	2020 in EUR	in US\$	Date of distribution
Distributions declared and paid during the year – EUR 0.05000 per unit on 118.879 units	<u>6</u>	<u>7</u>	18 June 2020

9 Distributions (continued)

Class AMg Distribution H2-GBP

	2020 in GBP	in US\$	Date of distribution
Distributions declared and paid during the year – GBP 0.06200 per unit on 103.812units	<u>6</u>	<u>7</u>	18 June 2020

Class AMg Distribution H2-NZD

	2020 in NZD	in US\$	Date of distribution
Distributions declared and paid during the year – NZD 0.07500 per unit on 212.842 units	<u>16</u>	<u>10</u>	18 June 2020

Class AMg Distribution H2-RMB

	2020 in RMB	in US\$	Date of distribution
Distributions declared and paid during the year – RMB0.08750 per unit on 913.150 units	<u>80</u>	<u>11</u>	18 June 2020

Class AMg Distribution H2-SGD

	2020 in SGD	in US\$	Date of distribution
Distributions declared and paid during the year – SGD 0.06880 per unit on 181.766 units	<u>13</u>	<u>9</u>	18 June 2020

Class AMg Distribution HKD

	2020 in HKD	in US\$	Date of distribution
Distributions declared and paid during the year – HKD0.07500 per unit on 1,000.000 units	<u>75</u>	<u>10</u>	18 June 2020

Class AMg Distribution USD

	2020	in US\$	Date of distribution
Distributions declared and paid during the year – USD0.07500 per unit on 129.988 units		<u>10</u>	18 June 2020

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management

The Sub-Fund maintains an investment portfolio in a variety of listed or quoted financial instruments as dictated by its investment management strategy. The investment objective of the Sub-Fund before 27 April 2020 is to achieve a long-term capital appreciation and income by investing primarily in U.S. corporate bonds rated below investment grade. The investment objective of the Sub-Fund starting from 27 April 2020 is to achieve income and long-term capital appreciation by investing primarily in preferred securities and interest bearing securities. The Sub-Fund's investment portfolio comprises equities, bonds, warrants and forward contracts.

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Management has set out below the most important types of financial risks inherent in each type of financial instrument. The Management would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-Fund.

The nature and extent of the financial instruments outstanding at the date of the statement of net assets and the risk management policies employed by the Sub-Fund are discussed below.

(a) Market price risk

Market price risk is the risk that the value of the Sub-Fund's investment portfolio will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Sub-Fund is exposed to price risk arising from changes in market prices. Price risk is managed by investing in a portfolio of different investments in accordance with the investment objectives of the Sub-Fund.

The following table discloses the financial assets and liabilities at fair value through profit or loss of the Sub-Fund by product type:

	2020 US\$	2019 US\$
Financial assets at fair value through profit or loss		
Equities	4,786,800	2,908
Bonds	10,158,894	34,586,687
Warrants (note 10(f))	—	—
Forward contracts (note 10(f))	27,430	20,437
	<u>14,973,124</u>	<u>34,610,032</u>
Financial liabilities at fair value through profit or loss		
Forward contracts (note 10(f))	25,258	639,156
	<u>25,258</u>	<u>639,156</u>

10 Financial risk management (continued)

(a) Market price risk (continued)

The impact on a 5% (2019: 5%) increase in value of the investments as at 30 June 2020, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net assets attributable to unitholders by an equal but opposite amount.

Price sensitivity	Market exposures US\$	Change in net assets if investment value increased by 5% US\$
As at 30 June 2020		
Equities	4,786,800	239,340
As at 30 June 2019		
Equities	2,908	146

As at 30 June 2020 and 2019, the Sub-Fund invested in debt securities. The Manager considers that the price of debt investments is more sensitive to fluctuation in interest rates and credit ratings which are set out in notes 10(b) and 10(d) respectively.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(b) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of debt instruments and therefore result in potential gain or loss to the Sub-Fund. The Sub-Fund's interest rate risk is managed on an ongoing basis by the Manager.

The following table details the exposure of the Sub-Fund to interest rate risk. It includes the Sub-Fund's interest-bearing assets and liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

	2020 US\$	2019 US\$
Assets		
Cash and cash equivalents		
– 1 year or less	31,872	1,775,929
Financial assets as fair value through profit or loss		
– 1 year or less	299,570	–
– over 1 year to 5 years	185,237	7,986,752
– over 5 years	9,674,087	26,599,935
	<hr/>	<hr/>
Total interest-bearing assets	10,190,766	36,362,616
	<hr/>	<hr/>

Interest rate sensitivity

At 30 June 2020, assuming all other factors unchanged, it is estimated that an increase in interest rates of 50 basis points (2019: 50 basis points) would result in a decrease in the net assets attributable to the unitholders and the profit for the year by US\$212,431 (2019: US\$610,552); an equal change in the opposite direction would have changed the net assets attributable to unitholders by an equal but opposite amount.

10 Financial risk management (continued)

(c) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the SubFund is exposed to risk that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Sub-Fund's assets or liabilities denominated in other currencies.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may mitigate this risk by using financial derivative instruments. The Manager monitors the Sub-Fund's currency exposures on an ongoing basis.

As at 30 June 2020, had the US\$ weakened by 5% (2019: 5%) in relation to respective major currencies, with all other variables held constant, net assets attributable to unitholders would have (decreased) by the amounts shown below.

	Net monetary and non-monetary exposure US\$	Change in net assets if US\$ weakened by 5% US\$
<i>As at 30 June 2020</i>		
Australian dollar	232	1,707
Canadian dollar	80	188
Euro	89	123
Renminbi	(137,051)	5,347,814
New Zealand Dollar	164	221
Singapore Dollar	42	189
	<u>(136,444)</u>	<u>5,350,242</u>
<i>As at 30 June 2019</i>		
Renminbi	<u>(5,953)</u>	<u>9,747,650</u>

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(d) Credit risk

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, interest receivable, amounts receivable on subscription, amounts due from brokers and other receivables balances.

Credit risk arising from investments in fixed income instruments is managed by reviewing and monitoring the credit quality and publicly available information of fixed income instruments or the relevant issuers on an ongoing basis.

As at 30 June 2020 and 2019, the credit ratings of the fixed income instruments or the relevant issuers as determined by S&P's are shown in the following table:

	2020	2019
A	6%	1%
BBB	72%	3%
BB	18%	53%
B	–	37%
CCC	4%	5%
CC	–	–
Not rated	–	1%
	<hr/>	<hr/>
	100%	100%
	<hr/>	<hr/>

Credit risk arising from derivative transactions with counterparties relates to transactions awaiting settlement. This credit risk is managed by monitoring the credit quality of the derivative instruments held by the Sub-Fund and the financial position of the derivative instrument counterparties.

Credit risk arising from investment transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used.

All of the cash held by the Sub-Fund is deposited with the HSBC Group. Bankruptcy or insolvency of the bank may cause the Sub-Fund's rights with respect to the cash held by the bank to be delayed or limited. The bank is a group company of the HSBC Group with a credit rating of A- (2019: A) by S&P's, for which credit risk is considered insignificant. The Manager monitors the credit rating and financial position of the bank on an ongoing basis.

10 Financial risk management (continued)

(d) Credit risk (continued)

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2020 and 30 June 2019, all cash and cash equivalents, interest receivable, amounts receivable on subscription, amounts due from brokers and other receivables are held with counterparties with a credit rating of A (2019: A) or higher and are due to be settled within 1 week. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets. As at 30 June 2020 and 2019, there were no significant concentrations of credit risk to counterparties.

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Sub-Fund's constitution provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions at any time. The listed investments of the Sub-Fund are considered to be readily realisable under normal market conditions. The Sub-Fund, however, also invests in quoted fixed income securities which may not be publicly traded on exchanges and may be illiquid.

The policy of the Sub-Fund is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

As at 30 June 2020 and 2019, the financial liabilities of the Sub-Fund are due within three months.

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

At 30 June 2020 and 2019, no individual investor held more than 10% of the Sub-Fund's redeemable units.

(f) Forward contracts

Forward contracts are commitments either to purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or the underlying financial asset. Forwards are customised over-the-counter contracts and result in credit exposure to the counterparty.

Forward contracts result in exposure to market risk based on changes in market prices relative to contracted prices. Market risks arise due to the possible movement in foreign currency exchange rates, indices, and securities' values underlying these instruments. In addition, forward contracts are generally subject to liquidity risk.

As at 30 June 2020 and 2019, the details of the Sub-Fund's holdings in net settled foreign currency forward contracts are specified in the tables below:

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts

As at 30 June 2020

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
AUD	1,998	USD	1,292	15-Jul-20	84	–
AUD	61	USD	42	15-Jul-20	–	(0)
AUD	11	USD	7	15-Jul-20	0	–
AUD	1,998	USD	1,292	15-Jul-20	84	–
AUD	61	USD	42	15-Jul-20	–	(0)
AUD	14	USD	9	15-Jul-20	0	–
AUD	30,005	USD	20,589	15-Jul-20	65	–
CAD	1,814	USD	1,292	15-Jul-20	40	–
CAD	57	USD	42	15-Jul-20	–	(0)
CAD	11	USD	8	15-Jul-20	0	–
CAD	1,814	USD	1,292	15-Jul-20	40	–
CAD	57	USD	42	15-Jul-20	–	(0)
CAD	14	USD	10	15-Jul-20	0	–
EUR	1,189	USD	1,291	15-Jul-20	44	–
EUR	37	USD	41	15-Jul-20	–	(0)
EUR	4	USD	5	15-Jul-20	–	(0)
EUR	1,189	USD	1,291	15-Jul-20	44	–
EUR	37	USD	41	15-Jul-20	–	(0)
EUR	6	USD	7	15-Jul-20	–	(0)
GBP	1,038	USD	1,289	15-Jul-20	–	(6)
GBP	32	USD	41	15-Jul-20	–	(1)
GBP	6	USD	8	15-Jul-20	–	(0)
GBP	1,038	USD	1,289	15-Jul-20	–	(6)
GBP	32	USD	41	15-Jul-20	–	(1)
GBP	5	USD	6	15-Jul-20	–	(0)
USD	40,544	CNH	286,335	15-Jul-20	65	–
USD	707,063	CNH	4,989,928	15-Jul-20	1,624	–
USD	949,568	CNH	6,698,170	15-Jul-20	2,630	–
USD	243,653	CNH	1,724,320	15-Jul-20	–	(118)
USD	372,728	CNH	2,645,083	15-Jul-20	–	(1,215)
USD	46,001	CNH	326,181	15-Jul-20	–	(112)
USD	465,287	CNH	3,300,063	15-Jul-20	–	(1,251)
USD	166,955	CNH	1,187,952	15-Jul-20	–	(988)
USD	628,311	CNH	4,470,370	15-Jul-20	–	(3,676)
USD	334,135	CNH	2,371,611	15-Jul-20	–	(1,146)

10 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
USD	229,290	CNH	1,629,586	15-Jul-20	–	(1,089)
USD	166,794	CNH	1,185,066	15-Jul-20	–	(742)
USD	159,769	CNH	1,141,229	15-Jul-20	–	(1,570)
USD	6,885	CNH	49,177	15-Jul-20	–	(68)
USD	23,686	CNH	168,787	15-Jul-20	–	(176)
USD	13,236	CNH	94,285	15-Jul-20	–	(93)
USD	486,376	CNH	3,480,123	15-Jul-20	–	(5,618)
USD	86,727	CNH	617,462	15-Jul-20	–	(565)
USD	21,700	CNH	155,562	15-Jul-20	–	(292)
USD	24,033	CNH	173,250	15-Jul-20	–	(460)
USD	1,420	CNH	10,191	15-Jul-20	–	(21)
USD	101,334	CNH	723,535	15-Jul-20	–	(954)
USD	24,457	CNH	174,257	15-Jul-20	–	(178)
USD	909,298	CNH	6,447,882	15-Jul-20	–	(2,255)
USD	27,998	CNH	197,997	15-Jul-20	7	–
USD	404,719	CNH	2,867,675	15-Jul-20	–	(691)
USD	147,705	CNH	1,047,924	15-Jul-20	–	(443)
USD	25,672	CNH	182,290	15-Jul-20	–	(99)
USD	12,959	CNH	91,856	15-Jul-20	–	(27)
USD	14,971	CNH	106,111	15-Jul-20	–	(30)
USD	5,322	CNH	37,684	15-Jul-20	–	(6)
USD	16,344	CNH	115,391	15-Jul-20	31	–
USD	29,615	CNH	209,541	15-Jul-20	–	(8)
USD	137,092	CNH	970,798	15-Jul-20	–	(152)
CNH	144,157,194	USD	20,370,269	15-Jul-20	14,074	–
CNH	5,084,181	USD	720,122	15-Jul-20	–	(1,200)
CNH	38,198	USD	5,344	15-Jul-20	57	–
CNH	42,315	USD	5,926	15-Jul-20	58	–
CNH	2,976,344	USD	413,913	15-Jul-20	6,957	–
CNH	3,653,818	USD	515,368	15-Jul-20	1,296	–
CNH	40,408	USD	5,696	15-Jul-20	18	–
NZD	2,128	USD	1,288	15-Jul-20	82	–
NZD	65	USD	42	15-Jul-20	0	–
NZD	13	USD	8	15-Jul-20	–	(0)
NZD	2,128	USD	1,288	15-Jul-20	82	–
NZD	65	USD	42	15-Jul-20	0	–
NZD	16	USD	10	15-Jul-20	–	(0)
CNH	9,132	USD	1,285	15-Jul-20	6	–
CNH	294	USD	41	15-Jul-20	0	–
CNH	80	USD	11	15-Jul-20	0	–

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts (continued)

As at 30 June 2020 (continued)

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
SGD	1,818	USD	1,282	15-Jul-20	21	–
SGD	59	USD	42	15-Jul-20	0	–
SGD	10	USD	7	15-Jul-20	0	–
SGD	1,818	USD	1,282	15-Jul-20	21	–
SGD	59	USD	42	15-Jul-20	0	–
SGD	13	USD	9	15-Jul-20	–	(1)
					<u>27,430</u>	<u>(25,258)</u>

As at 30 June 2019

Buy		Sell		Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
USD	9,574	CNH	64,423	15-Jul-19	203	–
USD	16,156	CNH	108,477	15-Jul-19	375	–
USD	4,384	CNH	29,595	15-Jul-19	78	–
USD	198,589	CNH	1,338,040	15-Jul-19	3,921	–
USD	76,028	CNH	512,537	15-Jul-19	1,460	–
USD	184,505	CNH	1,244,613	15-Jul-19	3,429	–
USD	59,249	CNH	399,173	15-Jul-19	1,174	–
USD	466	CNH	3,159	15-Jul-19	6	–
USD	521,943	CNH	3,612,213	15-Jul-19	–	(3,589)
USD	34,670	CNH	240,380	15-Jul-19	–	(303)
USD	2,800	CNH	19,438	15-Jul-19	–	(28)
USD	79,895	CNH	554,105	15-Jul-19	–	(720)
USD	722,661	CNH	5,008,937	15-Jul-19	–	(6,076)
USD	2,425	CNH	16,799	15-Jul-19	–	(19)
USD	63,268	CNH	433,751	15-Jul-19	163	–
USD	61,819	CNH	425,053	15-Jul-19	–	(21)
USD	92,734	CNH	638,036	15-Jul-19	–	(92)
USD	15,967	CNH	109,753	15-Jul-19	–	(1)

10 Financial risk management (continued)

(f) Forward contracts (continued)

Foreign currency forward contracts (continued)

As at 30 June 2019 (continued)

Buy	Sell	Settlement date	Fair value assets US\$	Fair value (liabilities) US\$
CNH	14,294 USD	2,127 15-Jul-19	–	(47)
CNH	184,975,673 USD	27,519,475 15-Jul-19	–	(603,090)
CNH	1,086,670 USD	161,641 15-Jul-19	–	(3,516)
CNH	1,239,889 USD	184,824 15-Jul-19	–	(4,404)
CNH	395,342 USD	58,949 15-Jul-19	–	(1,421)
CNH	744,338 USD	111,357 15-Jul-19	–	(3,046)
CNH	427,850 USD	63,791 15-Jul-19	–	(1,533)
CNH	2,067,764 USD	307,272 15-Jul-19	–	(6,385)
CNH	1,064,811 USD	157,960 15-Jul-19	–	(3,016)
CNH	402,985 USD	59,290 15-Jul-19	–	(651)
CNH	212,369 USD	31,215 15-Jul-19	–	(312)
CNH	6,688,108 USD	974,041 15-Jul-19	–	(836)
CNH	1,232,726 USD	179,424 15-Jul-19	–	(47)
CNH	284,292 USD	41,161 15-Jul-19	207	–
CNH	964,688 USD	139,582 15-Jul-19	792	–
CNH	991,626 USD	142,721 15-Jul-19	1,573	–
CNH	55,280 USD	7,963 15-Jul-19	80	–
CNH	6,404 USD	923 15-Jul-19	9	–
CNH	6,404 USD	923 15-Jul-19	9	–
CNH	300,825 USD	43,480 15-Jul-19	294	–
CNH	1,014,250 USD	146,659 15-Jul-19	927	–
CNH	1,309,375 USD	189,172 15-Jul-19	1,359	–
CNH	518,194 USD	74,764 15-Jul-19	639	–
CNH	329,748 USD	47,601 15-Jul-19	381	–
CNH	763,299 USD	110,171 15-Jul-19	898	–
CNH	147,783 USD	21,276 15-Jul-19	229	–
CNH	317,057 USD	45,739 15-Jul-19	397	–
CNH	220,371 USD	31,781 15-Jul-19	286	–
CNH	49,261 USD	7,102 15-Jul-19	67	–
CNH	321,817 USD	46,398 15-Jul-19	430	–
CNH	1,426,858 USD	206,591 15-Jul-19	1,035	–
CNH	6,404 USD	927 15-Jul-19	4	–
CNH	19,704 USD	2,870 15-Jul-19	–	(3)
CNH	52,507 USD	7,629 15-Jul-19	12	–
			<u>20,437</u>	<u>(639,156)</u>

Warrants

As at 30 June 2020, the details of the Sub-Fund's holdings in warrant contracts are specified in the table below:

As at 30 June 2020

Type of contract	Expiration	Underlying	Fair value assets US\$
Warrants	6 October 2024	Cenveo Inc	–

As at 30 June 2019, the Sub-Fund did not hold warrant contracts.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(g) Fair value information

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

HKFRS 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Sub-Fund. The 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.

10 Financial risk management (continued)

(g) Fair value information (continued)

The table below analyses financial instruments measured at fair value at the date of the statement of net assets by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 30 June 2020				
Assets				
Financial assets at fair value through profit or loss				
– Equities	4,784,844	1,956	–	4,786,800
– Bonds	–	10,158,894	–	10,158,894
– Warrants	–	–	–	–
– Forward contracts	–	27,430	–	27,430

Liabilities

Financial liabilities at fair value through profit or loss				
– Forward contracts	–	25,258	–	25,258

As at 30 June 2019

Assets

Financial assets at fair value through profit or loss				
– Equities	–	2,908	–	2,908
– Bonds	–	34,586,687	–	34,586,687
– Warrants	–	–	–	–
– Forward contracts	–	20,437	–	20,437

Liabilities

Financial liabilities at fair value through profit or loss				
– Forward contracts	–	639,156	–	639,156

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Notes to the Financial Statements (continued)

10 Financial risk management (continued)

(g) Fair value information (continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

There were no transfers of financial assets and financial liabilities between the fair value hierarchy levels during the years ended 30 June 2020 and 2019.

The assets and liabilities included in the statement of net assets, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

(h) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Sub-Fund.

The Management monitors capital on the basis of the value of net assets attributable to unitholders.

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Supplementary information

Portfolio statement
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 99.34%</i>			
Listed equities 31.82%			
United States 31.82%			
BANK OF AMERICA CORP PFD	42,850	1,167,662	7.77
CCF HLDGS LLC	966	–	–
CCF HOLDINGS LLC COM NPV	1,071	–	–
CITIGROUP CAPITAL XIII PFD SHS	35,550	942,075	6.26
CITIZENS FINANCIAL GROUP PFD	10,875	273,940	1.82
ENERGY TRANSFER LP	44,400	316,128	2.10
ENTERPRISE PRODUCTS PARTNERS COM NPV	19,175	348,410	2.32
FIRST HORIZON NATIONAL CORP PFD	15,340	388,562	2.58
SYNCHRONY FINANCIAL PFD	16,450	351,537	2.34
US BANCORP PFD	21,250	554,625	3.69
WELLS FARGO & COMPANY PFD	17,350	441,905	2.94
Total listed equities		<u>4,784,844</u>	<u>31.82</u>
Unlisted but quoted equities 0.01%			
United States 0.01%			
ERICKSON INC NEW COM NPV	116	<u>1,956</u>	<u>0.01</u>
Total unlisted but quoted equities		<u>1,956</u>	<u>0.01</u>
Listed bonds 22.82%			
France 6.05%			
BNP PARIBAS (SER 144A) VAR PERP	393,000	408,911	2.72
CREDIT AGRICOLE SA SER 144A (REG) VAR PERP	436,000	501,499	3.33
Great Britain 3.84%			
BP CAPITAL MARKETS PLC VAR PERP 31/12/2049	556,000	578,356	3.84

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Supplementary information (continued)

Portfolio statement (continued)
as at 30 June 2020 (Unaudited)

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 99.34% (continued)</i>			
Listed bonds 22.82% (continued)			
Switzerland 2.00%			
CREDIT SUISSE GROUP AG (SER 144A) (REG) VAR PERP 31/12/2049	288,000	301,566	2.00
United States 10.93%			
METLIFE INC (REG) 10.75% 01/08/2039	822,000	1,311,203	8.71
TIME WARNER ENTERTAINMENT CO. L.P. 8.375% 15/07/2033	216,000	333,267	2.22
Total listed bonds		<u>3,434,802</u>	<u>22.82</u>
Unlisted but quoted bonds 44.69%			
Canada 5.43%			
EMERA INC SER 16-A (REG) VAR 15/06/2076	260,000	282,555	1.88
TRANSCANADA TRUST VAR 15/09/2079	523,000	534,085	3.55
Great Britain 6.28%			
LLOYDS BANKING GROUP PLC (REG) VAR PERP 31/12/2049	407,000	428,632	2.85
ROYAL BK OF SCOT GRP PLC VAR PERP	464,000	516,303	3.43
United States 32.98%			
CENVEO CORPORATION 6.000% SENIOR NOTES DUE 15/05/24	175,000	45,820	0.30
COMMUNITY CHOICE FIN ISS 9% 06/09/2020	300,000	299,570	1.99
COMMUNITY CHOICE FINanci 10.75% 15/12/2023	314,732	139,417	0.93
AMERICAN INTL GROUP (SER A-9) (REG) VAR 01/04/2048	300,000	313,688	2.08
COMERICA INC (REG) VAR PERP 31/12/2049	475,000	486,751	3.24
ENERGY TRANSFER OPERATNG (SER G) (REG) VAR PERP 31/12/2049	1,015,000	881,280	5.86

Investments	Portfolio holdings	Market value US\$	% of NAV
<i>Listed/unlisted but quoted investments 99.34% (continued)</i>			
Unlisted but quoted bonds 44.69% (continued)			
United States 32.98% (continued)			
ENTERPRISE PRODUCTS OPER (SER E) VAR 16/08/2077	532,000	511,884	3.40
GENERAL ELECTRIC CO SER D (REG) VAR PERP	575,000	453,012	3.01
HUNTINGTON BANCSHARES SER (F) (REG) VAR PERP	300,000	312,384	2.08
PLAINS ALL AMERICAN PIPE (SER B) (REG) VAR PERP 31/12/2049	452,000	340,278	2.26
SFX ENTERTAINMENT INC SER 144A (REG) 9.625% 01/02/2049	100,000	0	0.00
TRUIST FINANCIAL CORP (SER Q) VAR PERP 31/12/2049	230,000	237,149	1.58
VIACOM INC (REG) VAR 28/02/2057	574,000	603,948	4.01
VOYA FINANCIAL INC (SER A) (REG) VAR PERP 31/12/2049	338,000	337,336	2.24
Total unlisted but quoted bonds		6,724,092	44.69
Unlisted but quoted warrants 0.00%			
United States 0.00%			
CENVEO INC COMMON STOCK PURCHASE WARRANT 10/06/2024	18,500	–	0.00
Total unlisted but quoted warrants		–	0.00
Total listed/unlisted but quoted investments		14,945,694	99.34
Forward Contracts (0.01%)		2,172	0.01
Total Investments		14,947,866	99.35
Other net assets		97,665	0.65
Net assets attributable to unitholders as at 30 June 2020		15,045,531	100.00
Total Investments, at cost		14,926,467	

Note: Investments are accounted for on a trade date basis

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Supplementary information (continued)

Statement of movement in portfolio holdings
for the year ended 30 June 2020 (Unaudited)

	% of Net Assets 2020	% of Net Assets 2019
<i>Listed/unlisted but quoted investments</i>		
Listed equities		
United States	31.82	–
Total listed equities	31.82	–
Unlisted but quoted equities		
United States	0.01	0.01
Total unlisted but quoted equities	0.01	0.01
Listed bonds		
Canada	–	1.30
France	6.05	–
Great Britain	3.84	0.61
Switzerland	2.00	–
Luxembourg	–	0.98
United States	10.93	36.97
Total listed bonds	22.82	39.86
Unlisted but quoted bonds		
Canada	5.43	1.89
Great Britain	6.28	1.36
Luxembourg	–	0.99
United States	32.98	54.60
Total unlisted but quoted bonds	44.69	58.84

	% of Net Assets 2020	% of Net Assets 2019
Unlisted but quoted warrants		
United States	0.00	0.00
Total warrants	0.00	0.00
Total listed/unlisted but quoted investments	99.34	98.71
Forward Contracts	0.01	(1.77)
Total investments	99.35	96.94
Other net assets/(liabilities)	0.65	3.06
Net assets attributable to unitholders as at year end	100.00	100.00

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Supplementary information (continued)

Performance record (Unaudited)

(a) Price record (Dealing net asset value per unit) since inception

Year	Class AM Distribution H2-RMB			
	Lowest		Highest	
2020	RMB	6.23	RMB	7.96
2019	RMB	7.49	RMB	8.18
2018	RMB	8.14	RMB	8.94
2017	RMB	8.59	RMB	9.04
2016	RMB	7.99	RMB	9.64
2015	RMB	9.46	RMB	10.04

Year	Class AM Distribution H2-AUD			
	Lowest		Highest	
2020	AUD	9.96	AUD	10.54

Year	Class AM Distribution H2-CAD			
	Lowest		Highest	
2020	CAD	9.97	CAD	10.54

Year	Class AM Distribution H2-EUR			
	Lowest		Highest	
2020	EUR	9.96	EUR	10.54

Year	Class AM Distribution H2-GBP			
	Lowest		Highest	
2020	GBP	9.96	GBP	10.55

Year	Class AM Distribution H2-SGD			
	Lowest		Highest	
2020	SGD	9.97	SGD	10.55

(a) Price record (Dealing net asset value per unit) since inception (continued)

Year	Class AM Distribution H2-NZD			
	Lowest		Highest	
2020	NZD	9.97	NZD	10.54
Year	Class AM Distribution USD			
	Lowest		Highest	
2020	USD	9.97	USD	10.56
Year	Class AM Distribution HKD			
	Lowest		Highest	
2020	HKD	9.97	HKD	10.56
Year	Class AMg Distribution H2-RMB			
	Lowest		Highest	
2020	RMB	9.96	RMB	10.56
Year	Class AMg Distribution H2-AUD			
	Lowest		Highest	
2020	AUD	9.96	AUD	10.54
Year	Class AMg Distribution H2-CAD			
	Lowest		Highest	
2020	CAD	9.97	CAD	10.54
Year	Class AMg Distribution H2-EUR			
	Lowest		Highest	
2020	EUR	9.96	EUR	10.54
Year	Class AMg Distribution H2-GBP			
	Lowest		Highest	
2020	GBP	9.96	GBP	10.55

Allianz Global Investors Asia Fund Allianz Preferred Securities and Income (formerly Known As Allianz Selection Us High Yield) (continued)

Supplementary information (continued)

Performance record (Unaudited) (continued)

a) Price record (Dealing net asset value per unit) since inception (continued)

Year	Class AMg Distribution H2-SGD			
	Lowest		Highest	
2020	SGD	9.97	SGD	10.55
Year	Class AMg Distribution H2-NZD			
	Lowest		Highest	
2020	NZD	9.96	NZD	10.54
Year	Class AMg Distribution USD			
	Lowest		Highest	
2020	USD	9.97	USD	10.56
Year	Class AMg Distribution HKD			
	Lowest		Highest	
2020	HKD	9.97	HKD	10.56
Year	Class IT Accumulation EUR			
	Lowest		Highest	
2020	EUR	–	EUR	–
2019	EUR	–	EUR	–
2018	EUR	–	EUR	–
2017	EUR	–	EUR	–
2016	EUR	9.96	EUR	11.88
2015	EUR	9.79	EUR	12.29
Year	Class IT Accumulation USD			
	Lowest		Highest	
2020	USD	12.26	USD	12.98
2019	USD	11.11	USD	12.35
2018	USD	11.40	USD	11.73
2017	USD	10.09	USD	11.45
2016	USD	9.82	USD	10.09

(b) Total net asset value (calculated in accordance with HKFRS)

	2020	2019	2018
Total net asset value	<u>US\$ 15,045,531</u>	<u>US\$ 35,042,922</u>	<u>US\$ 35,366,486</u>

(c) Net asset value per unit (calculated in accordance with HKFRS)

	2020	2019	2018
Net asset value per unit			
– Class AM Distribution H2-RMB	RMB 6.94	RMB 7.70	RMB 8.14
– Class IT Accumulation EUR	EUR –	EUR –	EUR –
– Class IT Accumulation USD	US\$ –	US\$ 12.32	US\$ 11.53
– Class AM Distribution H2-AUD	AUD 10.17	AUD –	AUD –
– Class AM Distribution H2-CAD	CAD 10.16	CAD –	CAD –
– Class AM Distribution H2-EUR	EUR 10.25	EUR –	EUR –
– Class AM Distribution H2-GBP	GBP 10.16	GBP –	GBP –
– Class AM Distribution H2-NZD	NZD 10.17	NZD –	NZD –
– Class AM Distribution H2-SGD	SGD 10.22	SGD –	SGD –
– Class AM Distribution HKD	HKD 10.23	HKD –	HKD –
– Class AM Distribution USD	US\$ 10.23	US\$ –	US\$ –
– Class AMg Distribution H2-AUD	AUD 10.15	AUD –	AUD –
– Class AMg Distribution H2-CAD	CAD 10.14	CAD –	CAD –
– Class AMg Distribution H2-EUR	EUR 10.23	EUR –	EUR –
– Class AMg Distribution H2-GBP	GBP 10.14	GBP –	GBP –
– Class AMg Distribution H2-NZD	NZD 10.15	NZD –	NZD –
– Class AMg Distribution H2-RMB	RMB 10.20	RMB –	RMB –
– Class AMg Distribution H2-SGD	SGD 10.22	SGD –	SGD –
– Class AMg Distribution HKD	HKD 10.22	HKD –	HKD –
– Class AMg Distribution USD	<u>US\$ 10.22</u>	<u>US\$ –</u>	<u>US\$ –</u>

