

AllianzGI Equity & Convertible Income Fund  
Form N-CSRS  
October 03, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21989

AllianzGI Equity & Convertible Income Fund  
(Exact name of registrant as specified in charter)

1633 Broadway, New York, New York  
(Address of principal executive offices)

10019  
(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3371

Date of fiscal year January 31, 2017  
end:

Date of reporting period: July 31, 2016

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ITEM 1. REPORT TO SHAREHOLDERS



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**Letter from the President**

Dear Shareholder:

The US economy expanded at a moderate pace during the six-month reporting period ended July 31, 2016. Economic activity overseas was mixed and generally lackluster. Against this backdrop, US and international equities generated strong results. In addition, the US bond market posted a positive return during the reporting period.

**For the six-month period ended July 31, 2016**

• AllianzGI Diversified Income & Convertible Fund returned 18.13% on net asset value ( NAV ) and 22.41% on market price.

**Thomas J. Fuccillo**

• AllianzGI Equity & Convertible Income Fund returned 12.05% on NAV and 18.47% on market price.

*President & Chief  
Executive Officer*

• AllianzGI NFJ Dividend, Interest & Premium Strategy Fund returned 10.75% on NAV and 16.23% on market price.

During the six-month period ended July 31, 2016, the Russell 3000 Index, a broad measure of US stock market performance, gained 14.18%; the Russell 1000 Value Index, a measure of large-cap value-style stocks, rose 15.34%; and the Russell 1000 Growth Index, a measure of growth-style stocks, gained 12.42%. Convertible securities, as reflected by the BofA Merrill Lynch All Convertibles Index, returned 13.66%.

US gross domestic product ( GDP ), which is an approximation of the value of goods and services produced in the country, the broadest measure of economic activity and a key indicator of economic performance, expanded at a revised 0.9% annualized pace during the fourth quarter of 2015. Economic growth then decelerated, as GDP grew at an annualized pace of 0.8% during the first quarter of 2016. In addition, the Commerce Department's second estimate showed that GDP released after the reporting period had ended grew at an annualized pace of 1.1% for the second quarter of 2016.

At its meeting in December 2015 the US Federal Reserve (the Fed ) raised interest rates for the first time in nearly a decade. More specifically, the US central bank increased the federal funds rate from a range between 0% and 0.25% to a range between 0.25% and 0.50%. However, since that time the Fed has paused increases in interest rates and has downgraded its expectations for growth in the US for 2016. In its official statement following its meeting in July 2016 the Fed said, "The Committee expects that economic conditions will evolve in a manner that will warrant only



gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.

**Receive this report electronically and eliminate paper mailings.**

**Outlook**

Nine years since the financial crisis started, monetary easing is continuing with few signs of an end in sight. This appears to be especially true in a post-Brexit world rife with economic uncertainty and generally weak growth around the world. Against this backdrop, investor sentiment is likely to be challenged at times. Other questions facing investors are the upcoming November elections in the US and a host of geopolitical issues.

**To enroll, visit:**

[us.allianzgi.com/edelivery](http://us.allianzgi.com/edelivery).

In such an environment, we expect investors to be in for a choppy ride. However, in our view it won't be without opportunity, especially for those with long term outlooks, a healthy risk appetite and the latitude to invest actively. As always, we will continue to conduct extensive research and focus on quality and sustainability to help our shareholders navigate the many uncertainties around the globe.

For specific information on the Funds and their performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources are available on our website, [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds).

Together with Allianz Global Investors Fund Management LLC\*, the Funds' investment manager, NFJ Investment Group LLC and Allianz Global Investors U.S. LLC, the Funds' sub-advisers, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Thomas J. Fuccillo

*President & Chief Executive Officer*

\* Effective October 1, 2016 the Funds' investment manager is Allianz Global Investors U.S. LLC. NFJ Investment Group LLC will continue as a sub-adviser to the AllianzGI NFJ Dividend, Interest & Premium Strategy Fund.





## Fund Insights

### AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

### AllianzGI Diversified Income & Convertible Fund

For the period of February 1, 2016 through July 31, 2016 as provided by Doug Forsyth, CFA, Portfolio Manager.

For the six-month period ended July 31, 2016, the AllianzGI Diversified Income & Convertible Fund (the Fund) returned 18.13% on NAV and 22.41% on market price.

During the reporting period, the Russell 1000 Growth Index, a measure of growth style stocks, returned 12.42%; high-yield securities, as reflected by the BofA Merrill Lynch High Yield Master II Index, returned 13.88%; and convertible securities, as reflected by the BofA Merrill Lynch All Convertibles Index, returned 13.66%.

## Market Overview

The path for convertible, high yield and large-cap equity markets was higher over the reporting period.

The market began 2016 by continuing last year's downward trend, trading sharply lower through mid-February 2016. The markets then turned dramatically higher, experiencing only a brief setback when the UK public voted to exit (Brexit) the European Union, and rallied into the end of July as investors gravitated toward riskier assets.

Strong US Treasury demand, driven by a weak global bond yield environment, had a positive impact on high-yield and convertible bonds, as investors sought yield-oriented assets.

Fed communications continued to influence sentiment throughout the reporting period as investors interpreted Fed Chair Janet Yellen's remarks. Outside of the US, aggressive quantitative-easing measures by global central banks remained in place, and on balance, this accommodative environment helped support the performance of risk assets.

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

Evidence of the appetite for risky assets was apparent when examining the returns for bonds by their credit ratings within the high-yield asset class. The lowest-quality, most distressed issues substantially outperformed higher-quality bonds. This credit dynamic was also evident in the convertible market.

US economic data continued to be mixed, but overall, the trend in economic data reinforced the favorable conditions for high-yield bonds, convertibles and stocks.

Finally, improving industry dynamics helped lift the price of crude oil and aided in the stabilization of other commodity prices. This had a positive impact on many energy and materials companies.

The Chicago Board Options Exchange Volatility Index ( VIX ) started the reporting period just

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## **Fund Insights**

### **AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2016 (unaudited) (continued)

above 20 and spiked to 28 in February 2016, coinciding with stock market weakness. It then moved lower with a recovery in equities. Finally, the VIX rose in front of and on the day of the Brexit decision before reversing to close the reporting period at 11.9.

## **Portfolio Review**

The Fund provided attractive income over the reporting period.

In the equity sleeve, information technology, health care and industrials sectors helped relative performance. Conversely, the consumer staples, financials and energy sectors hindered relative performance.

In the convertible sleeve, sectors that contributed positively to relative performance were energy, consumer staples and health care. On the other hand, technology, industrials and consumer discretionary pressured relative performance.

In the high-yield sleeve, industries that aided relative performance were utilities, banking and technology. In contrast, energy, theatres & entertainment and the metals/mining ex-steel industries hampered relative performance.

Regarding the covered call strategy, many option positions expired below strike and the portfolio was able to retain the set premiums.

## **Outlook**

The short-term forecasts for the high yield, convertible, and equity markets are challenging. The path for all three markets may be choppy and, at times, may require strong conviction. Investors would be wise to take advantage of lower prices when they present themselves.

## **AllianzGI Equity & Convertible Income Fund**

For the period of February 1, 2016 through July 31, 2016 as provided by Doug Forsyth, CFA, Portfolio Manager.

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

For the six-month period ended July 31, 2016, the AllianzGI Equity & Convertible Income Fund (the Fund ) returned 12.05% on NAV and 18.47% on market price.

During the reporting period, the Russell 1000 Growth Index, a measure of growth style stocks, advanced 12.42%; and convertible securities, as reflected by the BofA Merrill Lynch All Convertibles Index, returned 13.66%.

### **Market Overview**

The path for convertible and large-cap equity markets was higher over the reporting period.

The market began 2016 by continuing last year's downward trend, trading sharply lower through mid-February 2016. The markets then turned dramatically higher, experiencing only

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**Fund Insights**

**AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2016 (unaudited) (continued)

a brief setback when the UK public voted to exit the European Union, and rallied into the end of July as investors gravitated toward riskier assets.

Strong US Treasury demand, driven by a weak global bond yield environment, had a positive impact on convertibles, as investors sought yield-oriented assets.

Fed communications continued to influence sentiment throughout the reporting period as investors interpreted Fed Chair Janet Yellen's remarks. Outside of the US, aggressive quantitative-easing measures by global central banks remained in place, and on balance, this accommodative environment helped support the performance of risk assets.

Evidence of the appetite for risky assets was apparent when examining the returns for components of the convertible asset class. While yield-oriented or busted convertibles outperformed both total return and equity convertibles, the lowest quality and most distressed issuers substantially outperformed higher quality bonds. Although this trend reflected an improved fundamental backdrop, the outperformance of the lowest quality category was also technically driven, reflecting their oversold levels.

US economic data continued to be mixed, but overall, the trend in economic data reinforced the favorable conditions for convertibles and stocks.

Finally, improving industry dynamics helped lift the price of crude oil and aided in the stabilization of other commodity prices. This had a positive impact on many energy and materials companies.

The VIX started the reporting period just above 20 and spiked to 28 in February 2016, coinciding with stock market weakness. It then moved lower with a recovery in equities. Finally, the VIX rose in front of and on the day of the Brexit decision before reversing to close the period at 11.9.

**Portfolio Review**

The Fund provided attractive income over the reporting period.

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

In the equity sleeve, information technology, health care and utilities sectors helped relative performance. Conversely, the consumer staples, energy and financials sectors hindered relative performance.

In the convertible sleeve, sectors that contributed positively to relative performance were materials, health care and energy. On the other hand, the consumer discretionary, technology and telecommunications sectors pressured relative performance.

Regarding the covered call strategy, many option positions expired below strike and the portfolio was able to retain the set premiums.

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## Fund Insights

### AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

## Outlook

The short-term forecasts for the convertible and equity markets are challenging. The path for these markets may be choppy and, at times, may require strong conviction. We believe that investors would be wise to take advantage of lower prices when they present themselves.

### AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

For the period of February 1, 2016 through July 31, 2016 as provided by the NFJ Investment Team.

For the six-month period ended July 31, 2016, the AllianzGI NFJ Dividend, Interest & Premium Strategy Fund (the Fund) returned 10.75% on NAV and 16.23% on market price.

During the reporting period, the Russell 1000 Value Index, a measure of large-cap value style stocks, returned 15.34%; and convertibles securities, as reflected by the BofA Merrill Lynch All Convertibles Index, returned 13.66%.

## Market Overview

US equities rallied strongly over the reporting period against a backdrop of the UK's June 23, 2016 Brexit vote and the Fed's decision to pause increases in interest rates. Signs that commodity prices may have stabilized and additional central bank stimulus measures overseas boosted investor sentiment, helping the market recover. Merger and acquisition activity remained subdued compared to the elevated levels seen in 2015, but share buybacks continued to underpin valuations: US share buybacks rose to \$95 billion in February 2016, the third highest month on record. Equities in the S&P 500 Index touched a record closing high during the month of July as rising risk appetite and better than expected economic data helped to support valuations. Commodity prices largely trended upward as global uncertainty grew and the price of gold gained ground.

Within the Russell 1000 Value index, all ten GICS economic sectors delivered returns of 10% or more over the reporting period. Materials (39.8%) and telecom services (20.78%) led performance results, followed by 19%+ returns from the IT and industrials sectors. Consumer staples and financials posted the weakest results, gaining just 10%.

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

Investors gravitated toward risk assets during the reporting period, and one of the greatest beneficiaries of this trend was convertibles, which rallied alongside equities. Evidence of the appetite for risky assets was apparent when examining the returns for components of the convertible asset class. While yield-oriented or busted convertibles outperformed both total return and equity convertibles, the lowest quality and most distressed issuers substantially outperformed higher quality bonds. Although this trend reflected an improved fundamental backdrop, the outperformance of the lowest quality category

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## Fund Insights

### AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

was also technically driven, reflecting their oversold levels.

Strong US Treasury demand, driven by a weak global bond yield environment, also had a positive impact on convertibles as investors sought yield-oriented assets.

Finally, improving industry dynamics helped lift the price of crude oil and aided in the stabilization of other commodity prices. This had a positive credit impact for many energy and materials issuers in the convertible market.

New convertible issuance brought the year-to-date 2016 total to \$17.4 billion. This compares with roughly \$24.6 billion in maturities and redemptions.

## Portfolio Review

The equity portion of the Fund delivered robust positive returns but failed to keep pace with the Russell 1000 Value Index. Negative stock selection offset positive sector allocation and drove relative underperformance during the reporting period. In terms of security selection, the Fund's holdings in IT and industrials were the most beneficial. However, these positive results were overwhelmed by negative selection in the financials, energy and materials sectors.

From a sector allocation perspective, overweight positions in materials and telecom services boosted the Fund's performance.

Conversely, the Fund's overweight in consumer discretionary and an underweight in health care somewhat detracted from results.

During the reporting period, within the equity portion of the Fund, the largest overweights relative to the Russell 1000 Value Index were in the telecom services, consumer discretionary and materials sectors. The Fund's largest relative underweights were in the consumer staples, materials and utilities sectors.

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

In the convertible sleeve, sectors that helped relative performance during the reporting period included energy, materials and consumer staples. An underweight in health care was beneficial, as was stock picking in the energy sector. In contrast, technology, telecom and consumer discretionary sector exposure weighed on performance. An overweight and issue selection in all three of the above-mentioned sectors was a detractor.

In the equity option sleeve, calls written on financials, technology and the energy sector added to returns, as the Fund was able to retain the premium on many of the options that were written, despite positive performances in these indexes over the period. Strong equity performance in the broader market, led by utilities and the S&P 500 Index (used to cover exposure in multiple sectors such as healthcare, industrials, and materials) which returned 16.8% and 13.3%, respectively,

**Fund Insights**

**AllianzGI Diversified Income & Convertible Fund/AllianzGI Equity & Convertible Income Fund/AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2016 (unaudited) (continued)

during the reporting period. The strong performance in the S&P 500 Index and utilities resulted in many of those option positions expiring in-the-money, requiring cash assignments in excess of the premium collected.

**Outlook**

The short-term forecasts for the convertible and equity markets are challenging. The path for all these markets may be choppy and, at times, may require strong conviction. We believe that investors would be wise to take advantage of lower prices when they present themselves.

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**Performance & Statistics**

**AllianzGI Diversified Income & Convertible Fund**

July 31, 2016 (unaudited)

| <b>Total Return(1)</b>                          | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Months                                      | 22.41%              | 18.13%     |
| 1 Year  | 1.32%               | 0.45%      |
| Commencement of Operations (5/27/15) to 7/31/16 | -12.39%             | -1.06%     |

**Market Price/NAV Performance**

Commencement of Operations (5/27/15) to 7/31/16

**Market Price/NAV**

|                       |         |
|-----------------------|---------|
| Market Price          | \$18.98 |
| NAV(2)                | \$21.22 |
| Discount to NAV       | -10.56% |
| Market Price Yield(3) | 10.56%  |
| Leverage Ratio(4)     | 32.51%  |

NAV  
Market Price

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares and includes the effect of any expense reductions, if any. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

Performance at market price will differ from results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

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- (2) The NAV disclosed in the Fund's financial statements may differ due to accounting principles generally accepted in the United States of America.
- (3) Market Price Yield is determined by dividing the annualized current (declared August 1, 2016) monthly dividend per common share (comprised of net investment income and net capital gains, if any) by the market price per common share at July 31, 2016.
- (4) Represents Mandatory Redeemable Preferred Shares, Senior Secured Notes and amounts drawn under the short-term margin loan facility ( Leverage ) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

**Performance & Statistics**

**AllianzGI Equity & Convertible Income Fund**

July 31, 2016 (unaudited)

| <b>Total Return(1)</b>                          | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Months                                      | 18.47%              | 12.05%     |
| 1 Year  | 8.07%               | 3.25%      |
| 5 Year  | 9.25%               | 8.28%      |
| Commencement of Operations (2/27/07) to 7/31/16 | 5.22%               | 6.16%      |

**Market Price/NAV Performance**

Commencement of Operations (2/27/07) to 7/31/16

NAV  
Market Price

**Market Price/NAV**

Market Price \$19.28  
NAV(2) \$21.49  
Discount to NAV -10.28%  
Market Price Yield(3) 7.88%

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares and includes the effect of any expense reductions, if any. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

Performance at market price will differ from results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares

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outstanding. Holdings are subject to change daily.

(2) The NAV disclosed in the Fund's financial statements may differ due to accounting principles generally accepted in the United States of America.

(3) Market Price Yield is determined by dividing the annualized current quarterly dividend per share (comprised of net investment income and net capital gains, if any) by the market price per share at July 31, 2016.

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**Performance & Statistics**

**AllianzGI NFJ Dividend, Interest & Premium Strategy Fund**

July 31, 2016 (unaudited)

| <b>Total Return(1)</b>                          | <b>Market Price</b> | <b>NAV</b> |
|---|---------------------|------------|
| Six Months                                      | 16.23%              | 10.75%     |
| 1 Year  | -2.16%              | -3.04%     |
| 5 Year  | 3.84%               | 4.75%      |
| 10 Year   | 3.49%               | 3.48%      |
| Commencement of Operations (2/28/05) to 7/31/16 | 3.19%               | 4.18%      |

**Market Price/NAV Performance**

Commencement of Operations (2/28/05) to 7/31/16

NAV  
Market Price

**Market Price/NAV**

Market Price \$12.73  
NAV(2) \$14.44  
Discount to NAV -11.84%  
Market Price Yield(3) 5.52%

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all dividends and distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares and includes the effect of any expense reductions, if any. Total return for a period of more than one year represents the average annual total return. Total return for a period of less than one year is not annualized.

Performance at market price will differ from results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in the Fund's dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market price yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are



## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

traded in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) The NAV disclosed in the Fund's financial statements may differ due to accounting principles generally accepted in the United States of America.

(3) Market Price Yield is determined by dividing the annualized current quarterly dividend per share (comprised of net investment income and net capital gains, if any) by the market price per share at July 31, 2016.

**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited)

| Principal<br>Amount<br>(000s)        |   | Value       |
|--------------------------------------|---|-------------|
| <b>Convertible Bonds &amp; Notes</b> | <b>61.1%</b>  |             |
|                                      | <b>Air Freight &amp; Logistics 1.1%</b>                   |             |
| \$1,610                              | Atlas Air Worldwide Holdings, Inc., 2.25%, 6/1/22 (a)     | \$1,596,919 |
| 840                                  | Echo Global Logistics, Inc., 2.50%, 5/1/20 (a)            | 831,075     |
|                                      |   | 2,427,994   |
|                                      | <b>Automobiles 2.2%</b>                                   |             |
| 25,440                               | Fiat Chrysler, 7.875%, 12/15/16 (a)                       | 1,591,590   |
| 3,445                                | Tesla Motors, Inc., 0.25%, 3/1/19 (a)                     | 3,188,778   |
|                                      |   | 4,780,368   |
|                                      | <b>Biotechnology 3.5%</b>                                 |             |
|                                      | BioMarin Pharmaceutical, Inc. (a),                        |             |
| 695                                  | 0.75%, 10/15/18   | 886,994     |
| 760                                  | 1.50%, 10/15/20   | 1,008,900   |
| 45                                   | Exelixis, Inc., 4.25%, 8/15/19 (a)                        | 78,075      |
| 715                                  | Incyte Corp., 0.375%, 11/15/18 (a)                        | 1,311,131   |
| 1,005                                | Ironwood Pharmaceuticals, Inc., 2.25%, 6/15/22 (a)        | 1,100,475   |
| 790                                  | Ligand Pharmaceuticals, Inc., 0.75%, 8/15/19 (a)          | 1,460,513   |
| 365                                  | Novavax, Inc., 3.75%, 2/1/23 (a)(b)(c)                    | 473,131     |
| 195                                  | Regeneron Pharmaceuticals, Inc., 1.875%, 10/1/16 (a)      | 986,700     |
| 185                                  | Synergy Pharmaceuticals, Inc., 7.50%, 11/1/19 (a)(b)(c)   | 280,853     |
|                                      |   | 7,586,772   |
|                                      | <b>Building Materials 0.9%</b>                            |             |
| 1,830                                | Cemex SAB de CV, 3.75%, 3/15/18 (a)                       | 2,054,175   |
|                                      | <b>Communications Equipment 1.5%</b>                      |             |
| 1,490                                | Ciena Corp., 3.75%, 10/15/18 (a)(b)(c)                    | 1,776,825   |
| 1,160                                | Palo Alto Networks, Inc., zero coupon, 7/1/19 (a)         | 1,547,875   |
|                                      |   | 3,324,700   |
|                                      | <b>Construction &amp; Engineering 1.5%</b>                |             |
| 1,470                                | Dycom Industries, Inc., 0.75%, 9/15/21 (a)(b)(c)          | 1,737,356   |
| 1,320                                | Tutor Perini Corp., 2.875%, 6/15/21 (a)(b)(c)             | 1,452,000   |
|                                      |   | 3,189,356   |
|                                      | <b>Consumer Finance 0.3%</b>                              |             |
| 675                                  | PRA Group, Inc., 3.00%, 8/1/20 (a)                        | 564,891     |
|                                      | <b>Electrical Equipment 0.8%</b>                          |             |
| 2,225                                | SolarCity Corp., 1.625%, 11/1/19 (a)                      | 1,649,281   |
|                                      | <b>Health Care Equipment &amp; Supplies 4.0%</b>          |             |
| 1,610                                | Hologic, Inc., 2.00%, 3/1/42 (a)(d)                       | 2,191,612   |
| 965                                  | Integra LifeSciences Holdings Corp., 1.625%, 12/15/16 (a) | 1,549,428   |
| 1,410                                | NuVasive, Inc., 2.25%, 3/15/21 (a)(b)(c)                  | 1,729,013   |
| 1,075                                | Spectranetics Corp., 2.625%, 6/1/34 (a)                   | 1,101,203   |
| 1,775                                | Wright Medical Group NV, 2.25%, 11/15/21 (a)(b)(c)        | 2,161,063   |
|                                      |   | 8,732,319   |

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**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Value       |
|----------------------------|---|-------------|
|                            | <b>Health Care Providers &amp; Services 1.5%</b>                    |             |
| \$1,175                    | HealthSouth Corp., 2.00%, 12/1/43 (a)                               | \$1,440,844 |
| 1,515                      | Molina Healthcare, Inc., 1.625%, 8/15/44 (a)                        | 1,770,656   |
|                            |   | 3,211,500   |
|                            | <b>Health Care Technology 0.9%</b>                                  |             |
| 910                        | Allscripts Healthcare Solutions, Inc., 1.25%, 7/1/20 (a)            | 964,600     |
| 895                        | Medidata Solutions, Inc., 1.00%, 8/1/18 (a)                         | 1,047,709   |
|                            |   | 2,012,309   |
|                            | <b>Household Durables 1.1%</b>                                      |             |
| 825                        | CalAtlantic Group, Inc., 1.625%, 5/15/18 (a)                        | 1,047,234   |
| 695                        | Lennar Corp., 3.25%, 11/15/21 (a)                                   | 1,388,263   |
|                            |   | 2,435,497   |
|                            | <b>Independent Power &amp; Renewable Electricity Producers 0.0%</b> |             |
| 95                         | NRG Yield, Inc., 3.50%, 2/1/19 (a)(b)(c)                            | 95,594      |
|                            | <b>Insurance 0.8%</b>   |             |
| 2,085                      | AmTrust Financial Services, Inc., 2.75%, 12/15/44 (a)               | 1,636,725   |
|                            | <b>Internet &amp; Catalog Retail 2.1%</b>                           |             |
| 1,390                      | Ctrip.com International Ltd., 1.00%, 7/1/20 (a)                     | 1,513,363   |
| 2,585                      | Priceline Group, Inc., 0.35%, 6/15/20 (a)                           | 3,147,237   |
|                            |   | 4,660,600   |
|                            | <b>Internet Software &amp; Services 4.7%</b>                        |             |
| 1,120                      | Cornerstone OnDemand, Inc., 1.50%, 7/1/18 (a)                       | 1,195,600   |
| 1,495                      | Gogo, Inc., 3.75%, 3/1/20 (a)                                       | 976,429     |
| 1,230                      | j2 Global, Inc., 3.25%, 6/15/29 (a)                                 | 1,440,638   |
| 2,060                      | LinkedIn Corp., 0.50%, 11/1/19 (a)                                  | 2,049,700   |
| 940                        | Pandora Media, Inc., 1.75%, 12/1/20 (a)(b)(c)                       | 1,005,800   |
| 905                        | VeriSign, Inc., 4.345%, 8/15/37 (a)                                 | 2,291,347   |
| 1,300                      | WebMD Health Corp., 2.625%, 6/15/23 (a)(b)(c)                       | 1,319,500   |
|                            |   | 10,279,014  |
|                            | <b>Iron/Steel 0.2%</b>  |             |
| 295                        | AK Steel Corp., 5.00%, 11/15/19 (a)                                 | 438,444     |
|                            | <b>IT Services 3.0%</b>   |             |
| 1,425                      | Blackhawk Network Holdings, Inc., 1.50%, 1/15/22 (a)(b)(c)          | 1,460,625   |
| 1,595                      | Cardtronics, Inc., 1.00%, 12/1/20 (a)                               | 1,706,650   |
| 1,185                      | CSG Systems International, Inc., 4.25%, 3/15/36 (a)(b)(c)           | 1,264,987   |
| 1,640                      | Euronet Worldwide, Inc., 1.50%, 10/1/44 (a)                         | 2,014,125   |
|                            |   | 6,446,387   |
|                            | <b>Life Sciences Tools &amp; Services 0.8%</b>                      |             |
| 1,700                      | Illumina, Inc., 0.50%, 6/15/21 (a)                                  | 1,802,000   |
|                            | <b>Machinery 0.2%</b>   |             |
| 440                        | Trinity Industries, Inc., 3.88%, 6/1/36                             | 528,825     |
|                            | <b>Media 1.2%</b>   |             |
| 445                        | Liberty Interactive LLC, 0.75%, 3/30/43 (a)                         | 514,927     |
| 2,055                      | Live Nation Entertainment, Inc., 2.50%, 5/15/19 (a)                 | 2,192,428   |
|                            |   | 2,707,355   |



**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |   | Value       |
|-------------------------------|---|-------------|
|                               | <b>Metals &amp; Mining 0.5%</b>                           |             |
| \$965                         | RTI International Metals, Inc., 1.625%, 10/15/19 (a)      | \$1,069,944 |
|                               | <b>Oil &amp; Gas 0.5%</b>                                 |             |
| 1,035                         | Weatherford International Ltd., 5.875%, 7/1/21 (a)        | 1,152,731   |
|                               | <b>Oil, Gas &amp; Consumable Fuels 0.8%</b>               |             |
| 2,820                         | Cheniere Energy, Inc., 4.25%, 3/15/45 (a)                 | 1,704,338   |
| 990                           | Energy XXI Ltd., 3.00%, 12/15/18 (a)(e)                   | 5,445       |
|                               |   | 1,709,783   |
|                               | <b>Pharmaceuticals 4.9%</b>                               |             |
| 775                           | ANI Pharmaceuticals, Inc., 3.00%, 12/1/19 (a)             | 899,000     |
| 1,035                         | Depomed, Inc., 2.50%, 9/1/21 (a)                          | 1,229,062   |
| 1,660                         | Horizon Pharma Investment Ltd., 2.50%, 3/15/22 (a)        | 1,650,663   |
| 1,945                         | Impax Laboratories, Inc., 2.00%, 6/15/22 (a)              | 1,795,478   |
| 1,740                         | Jazz Investments I Ltd., 1.875%, 8/15/21 (a)              | 1,909,650   |
| 1,905                         | Medicines Co., 2.75%, 7/15/23 (a)(b)(c)                   | 2,003,822   |
| 960                           | Teva Pharmaceutical Finance Co. LLC, 0.25%, 2/1/26 (a)    | 1,278,000   |
|                               |   | 10,765,675  |
|                               | <b>Real Estate Investment Trust 0.5%</b>                  |             |
| 1,070                         | Extra Space Storage LP, 3.125%, 10/1/35 (a)(b)(c)         | 1,179,675   |
|                               | <b>Semiconductors &amp; Semiconductor Equipment 10.0%</b> |             |
| 1,610                         | Cypress Semiconductor Corp., 4.50%, 1/15/22 (a)(b)(c)     | 1,800,181   |
| 1,390                         | Inphi Corp., 1.125%, 12/1/20 (a)(b)(c)                    | 1,562,013   |
| 2,395                         | Intel Corp., 3.25%, 8/1/39 (a)                            | 4,095,462   |
| 1,505                         | Lam Research Corp., 1.25%, 5/15/18 (a)                    | 2,302,650   |
| 1,775                         | Microchip Technology, Inc., 1.625%, 2/15/25 (a)           | 2,124,453   |
|                               | Micron Technology, Inc. (a),                              |             |
| 90                            | 2.125%, 2/15/33   | 130,781     |
| 3,030                         | 3.00%, 11/15/43   | 2,458,088   |
| 395                           | Novellus Systems, Inc., 2.625%, 5/15/41 (a)               | 1,046,750   |
| 440                           | NVIDIA Corp., 1.00%, 12/1/18 (a)                          | 1,246,575   |
| 1,815                         | NXP Semiconductors NV, 1.00%, 12/1/19 (a)                 | 2,025,994   |
| 3,615                         | SunEdison, Inc., 3.375%, 6/1/25 (a)(b)(c)(e)              | 162,675     |
|                               | SunPower Corp. (a),                                       |             |
| 1,115                         | 0.875%, 6/1/21  | 905,937     |
| 1,035                         | 4.00%, 1/15/23 (b)(c)                                     | 902,391     |
| 525                           | Xilinx, Inc., 2.625%, 6/15/17 (a)                         | 927,937     |
|                               |   | 21,691,887  |
|                               | <b>Software 8.3%</b>                                      |             |
| 1,120                         | BroadSoft, Inc., 1.00%, 9/1/22 (a)(b)(c)                  | 1,461,600   |
| 1,230                         | Citrix Systems, Inc., 0.50%, 4/15/19 (a)                  | 1,447,556   |
| 405                           | Interactive Intelligence Group, Inc., 1.25%, 6/1/20 (a)   | 438,666     |
|                               | Nuance Communications, Inc. (a),                          |             |
| 1,420                         | 1.00%, 12/15/35 (b)(c)                                    | 1,282,438   |
| 975                           | 1.50%, 11/1/35  | 970,734     |
| 1,795                         | Proofpoint, Inc., 0.75%, 6/15/20 (a)                      | 2,119,222   |



**Schedule of Investments**

AllianzGI Diversified Income &amp; Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Value       |
|----------------------------|--|-------------|
|                            | <b>Software (continued)</b>                            |             |
| \$1,715                    | Red Hat, Inc., 0.25%, 10/1/19 (a)                      | \$2,112,666 |
| 900                        | Rovi Corp., 0.50%, 3/1/20 (a)                          | 913,500     |
| 1,715                      | Salesforce.com, Inc, 0.25%, 4/1/18 (a)                 | 2,258,440   |
| 1,575                      | ServiceNow, Inc., zero coupon, 11/1/18 (a)             | 1,865,391   |
| 900                        | Take-Two Interactive Software, Inc., 1.00%, 7/1/18 (a) | 1,701,000   |
| 1,515                      | Verint Systems, Inc., 1.50%, 6/1/21 (a)                | 1,429,781   |
|                            |  | 18,000,994  |
|                            | <b>Thrifs &amp; Mortgage Finance 1.3%</b>              |             |
| 920                        | MGIC Investment Corp., 2.00%, 4/1/20 (a)               | 1,115,500   |
| 1,315                      | Radian Group, Inc., 2.25%, 3/1/19 (a)                  | 1,668,406   |
|                            |  | 2,783,906   |
|                            | <b>Trading Companies &amp; Distributors 1.0%</b>       |             |
| 1,265                      | Air Lease Corp., 3.875%, 12/1/18 (a)                   | 1,586,784   |
| 360                        | WESCO International, Inc., 6.00%, 9/15/29 (a)          | 697,500     |
|                            |  | 2,284,284   |
|                            | <b>Transportation Infrastructure 1.0%</b>              |             |
| 1,820                      | Macquarie Infrastructure Corp., 2.875%, 7/15/19 (a)    | 2,114,612   |
|                            | Total Convertible Bonds & Notes (cost-\$149,078,879)   | 133,317,597 |
|                            |  |             |
|                            | Shares   |             |
| <b>Common Stock (a)</b>    | <b>35.0%</b>   |             |
|                            | <b>Aerospace &amp; Defense 0.9%</b>                    |             |
| 14,000                     | Boeing Co.   | 1,871,240   |
|                            | <b>Auto Components 0.8%</b>                            |             |
| 36,200                     | Johnson Controls, Inc.                                 | 1,662,304   |
|                            | <b>Automobiles 1.0%</b>                                |             |
| 16,775                     | Ferrari NV   | 757,727     |
| 104,700                    | Ford Motor Co.   | 1,325,502   |
|                            |  | 2,083,229   |
|                            | <b>Banks 0.7%</b>                                      |             |
| 34,000                     | Wells Fargo & Co.                                      | 1,630,980   |
|                            | <b>Beverages 1.3%</b>                                  |             |
| 30,000                     | Coca-Cola Co.  | 1,308,900   |
| 14,200                     | PepsiCo, Inc.  | 1,546,664   |
|                            |  | 2,855,564   |
|                            | <b>Biotechnology 2.9%</b>                              |             |
| 30,600                     | AbbVie, Inc.   | 2,026,638   |
| 9,300                      | Amgen, Inc.  | 1,599,879   |
| 4,200                      | Biogen, Inc. (f)                                       | 1,217,706   |
| 18,600                     | Gilead Sciences, Inc.                                  | 1,478,142   |
|                            |  | 6,322,365   |
|                            | <b>Chemicals 0.7%</b>                                  |             |
| 15,400                     | Monsanto Co.   | 1,644,258   |





**Schedule of Investments**

AllianzGI Diversified Income &amp; Convertible Fund

July 31, 2016 (unaudited) (continued)

| Shares |  | Value       |
|--------|--|-------------|
|        | <b>Communications Equipment 0.5%</b>                           |             |
| 17,200 | Qualcomm, Inc.   | \$1,076,376 |
|        | <b>Construction &amp; Engineering 0.4%</b>                     |             |
| 15,300 | Fluor Corp.  | 818,856     |
|        | <b>Diversified Telecommunications Services 0.6%</b>            |             |
| 25,100 | Verizon Communications, Inc.                                   | 1,390,791   |
|        | <b>Electronic Equipment, Instruments &amp; Components 0.6%</b> |             |
| 22,500 | Amphenol Corp., Class A  | 1,339,200   |
|        | <b>Energy Equipment &amp; Services 0.5%</b>                    |             |
| 15,000 | Schlumberger Ltd.  | 1,207,800   |
|        | <b>Food &amp; Staples Retailing 2.0%</b>                       |             |
| 8,400  | Costco Wholesale Corp.   | 1,404,648   |
| 37,600 | Kroger Co.   | 1,285,544   |
| 22,400 | Walgreens Boots Alliance, Inc.                                 | 1,775,200   |
|        |  | 4,465,392   |
|        | <b>Health Care Equipment &amp; Supplies 0.5%</b>               |             |
| 21,400 | Baxter International, Inc.                                     | 1,027,628   |
|        | <b>Health Care Providers &amp; Services 1.6%</b>               |             |
| 9,300  | McKesson Corp.   | 1,809,408   |
| 11,100 | United Health Group, Inc.                                      | 1,589,520   |
|        |  | 3,398,928   |
|        | <b>Hotels Restaurants &amp; Leisure 1.6%</b>                   |             |
| 12,100 | McDonald's Corp.   | 1,423,565   |
| 34,300 | Starbucks Corp.  | 1,991,115   |
|        |  | 3,414,680   |
|        | <b>Household Products 0.4%</b>                                 |             |
| 11,100 | Procter & Gamble Co.   | 950,049     |
|        | <b>Industrial Conglomerates 1.3%</b>                           |             |
| 9,200  | 3M Co.   | 1,640,912   |
| 35,500 | General Electric Co.   | 1,105,470   |
|        |  | 2,746,382   |
|        | <b>Insurance 0.6%</b>  |             |
| 16,500 | Prudential Financial, Inc.                                     | 1,242,285   |
|        | <b>Internet &amp; Catalog Retail 0.9%</b>                      |             |
| 2,700  | Amazon.com, Inc. (f)   | 2,048,787   |
|        | <b>Internet Software &amp; Services 2.4%</b>                   |             |
| 9,500  | Alibaba Group Holding Ltd., ADR (f)                            | 783,560     |
| 2,950  | Alphabet, Inc., Class A (f)                                    | 2,334,453   |
| 16,400 | Facebook, Inc., Class A (f)                                    | 2,032,616   |
|        |  | 5,150,629   |
|        | <b>IT Services 1.4%</b>  |             |
| 7,400  | International Business Machines Corp.                          | 1,188,588   |
| 23,800 | Visa, Inc., Class A  | 1,857,590   |
|        |  | 3,046,178   |



**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Shares                                       |  | Value      |
|--|--|------------|
|  | <b>Machinery 0.9%</b>                                      |            |
| 16,000                                       | AGCO Corp.   | \$770,560  |
| 11,200                                       | Deere & Co.  | 870,352    |
| 12,200                                       | Joy Global, Inc.   | 337,086    |
|  |  | 1,977,998  |
|  | <b>Media 1.8%</b>  |            |
| 31,400                                       | Comcast Corp., Class A                                     | 2,111,650  |
| 18,700                                       | The Walt Disney Co.  | 1,794,265  |
|  |  | 3,905,915  |
|  | <b>Metals &amp; Mining 0.4%</b>                            |            |
| 146,286                                      | ArcelorMittal  | 953,785    |
|  | <b>Multiline Retail 0.9%</b>                               |            |
| 25,100                                       | Target Corp.   | 1,890,783  |
|  | <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>                |            |
| 8,100  | Occidental Petroleum Corp.                                 | 605,313    |
| 15,200                                       | Valero Energy Corp.  | 794,656    |
|  |  | 1,399,969  |
|  | <b>Pharmaceuticals 0.7%</b>                                |            |
| 20,300                                       | Bristol-Myers Squibb Co.                                   | 1,518,643  |
|  | <b>Road &amp; Rail 0.7%</b>                                |            |
| 17,300                                       | Union Pacific Corp.  | 1,609,765  |
|  | <b>Semiconductors &amp; Semiconductor Equipment 1.6%</b>   |            |
| 48,300                                       | Intel Corp.  | 1,683,738  |
| 24,600                                       | Texas Instruments, Inc.                                    | 1,715,850  |
|  |  | 3,399,588  |
|  | <b>Software 1.9%</b>                                       |            |
| 40,500                                       | Microsoft Corp.  | 2,295,540  |
| 47,000                                       | Oracle Corp.   | 1,928,880  |
|  |  | 4,224,420  |
|  | <b>Specialty Retail 0.8%</b>                               |            |
| 12,300                                       | Home Depot, Inc.   | 1,700,352  |
|  | <b>Technology Hardware, Storage &amp; Peripherals 1.1%</b> |            |
| 22,200                                       | Apple, Inc.  | 2,313,462  |
|  | Total Common Stock (cost-\$83,239,319)                     | 76,288,581 |
| Principal<br>Amount<br>(000s)                |  |            |
| <b>Corporate Bonds &amp; Notes (a) 33.9%</b> |  |            |
|  | <b>Aerospace &amp; Defense 0.9%</b>                        |            |
| \$1,000                                      | KLX, Inc., 5.875%, 12/1/22 (b)(c)                          | 1,017,500  |
| 1,000  | TransDigm, Inc., 6.50%, 5/15/25                            | 1,048,750  |
|  |  | 2,066,250  |



**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Value     |
|----------------------------|---|-----------|
|                            | <b>Air Freight &amp; Logistics 0.6%</b>                             |           |
| \$200                      | XPO Logistics, Inc. (b)(c),<br>6.50%, 6/15/22                       | \$199,000 |
| 1,000                      | 7.875%, 9/1/19  | 1,038,750 |
|                            |   | 1,237,750 |
|                            | <b>Banks 0.4%</b>   |           |
| 160                        | CIT Group, Inc., 5.00%, 8/15/22                                     | 168,800   |
| 680                        | Royal Bank of Scotland Group PLC, 5.125%, 5/28/24                   | 683,635   |
|                            |   | 852,435   |
|                            | <b>Chemicals 1.8%</b>   |           |
| 1,000                      | A Schulman, Inc., 6.875%, 6/1/23 (b)(c)                             | 1,020,000 |
| 1,000                      | Chemours Co., 7.00%, 5/15/25  | 855,000   |
| 750                        | OMNOVA Solutions, Inc., 7.875%, 11/1/18                             | 756,562   |
| 1,000                      | Platform Specialty Products Corp., 6.50%, 2/1/22 (b)(c)             | 872,500   |
| 365                        | Univar USA, Inc., 6.75%, 7/15/23 (b)(c)                             | 376,863   |
|                            |   | 3,880,925 |
|                            | <b>Commercial Services 0.9%</b>                                     |           |
|                            | Cenveo Corp. (b)(c),  |           |
| 205                        | 6.00%, 8/1/19   | 179,375   |
| 350                        | 6.00%, 5/15/24  | 315,875   |
| 500                        | Harland Clarke Holdings Corp., 9.25%, 3/1/21 (b)(c)                 | 425,000   |
| 1,000                      | United Rentals North America, Inc., 5.50%, 7/15/25                  | 1,031,760 |
|                            |   | 1,952,010 |
|                            | <b>Commercial Services &amp; Supplies 0.8%</b>                      |           |
| 915                        | RR Donnelley & Sons Co., 6.00%, 4/1/24                              | 864,675   |
| 1,000                      | West Corp., 5.375%, 7/15/22 (b)(c)                                  | 938,750   |
|                            |   | 1,803,425 |
|                            | <b>Construction &amp; Engineering 0.2%</b>                          |           |
| 500                        | AECOM, 5.875%, 10/15/24   | 538,750   |
|                            | <b>Consumer Finance 1.0%</b>  |           |
| 1,000                      | Navient Corp., 8.45%, 6/15/18                                       | 1,090,000 |
| 1,000                      | Springleaf Finance Corp., 6.90%, 12/15/17                           | 1,058,020 |
|                            |   | 2,148,020 |
|                            | <b>Diversified Financial Services 1.3%</b>                          |           |
| 1,500                      | Community Choice Financial, Inc., 10.75%, 5/1/19                    | 720,000   |
| 1,000                      | International Lease Finance Corp., 8.25%, 12/15/20                  | 1,211,250 |
| 1,000                      | Nationstar Mortgage LLC / Nationstar Capital Corp., 7.875%, 10/1/20 | 945,620   |
|                            |   | 2,876,870 |
|                            | <b>Electric 0.4%</b>  |           |
| 1,000                      | Talen Energy Supply LLC, 6.50%, 6/1/25                              | 885,000   |
|                            | <b>Electronic Equipment, Instruments &amp; Components 0.4%</b>      |           |
| 500                        | Kemet Corp., 10.50%, 5/1/18   | 500,000   |
| 250                        | Zebra Technologies Corp., 7.25%, 10/15/22                           | 268,125   |
|                            |   | 768,125   |



**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Value       |
|----------------------------|--|-------------|
|                            | <b>Energy-Alternate Sources 0.5%</b>   |             |
| \$1,000                    | TerraForm Power Operating LLC, 5.875%, 2/1/23 (b)(c)   | \$1,008,750 |
|                            | <b>Entertainment 0.4%</b>  |             |
| 750                        | Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp., 5.375%, 6/1/24                    | 783,750     |
|                            | <b>Food &amp; Staples Retailing 0.5%</b>   |             |
| 170                        | Albertsons Cos LLC / Safeway, Inc. / New Albertson's, Inc. / Albertson's LLC, 6.625%, 6/15/24 (b)(c) | 181,050     |
| 1,000                      | SUPERVALU, Inc., 6.75%, 6/1/21   | 875,000     |
|                            |  | 1,056,050   |
|                            | <b>Forest Products &amp; Paper 0.2%</b>  |             |
| 430                        | Mercer International, Inc., 7.75%, 12/1/22   | 440,750     |
|                            | <b>Health Care Equipment &amp; Supplies 0.2%</b>   |             |
| 360                        | Hologic, Inc., 5.25%, 7/15/22 (b)(c)   | 382,950     |
|                            | <b>Health Care Products 0.5%</b>   |             |
| 1,000                      | Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18  | 1,026,250   |
|                            | <b>Health Care Providers &amp; Services 1.1%</b>   |             |
| 310                        | DaVita HealthCare Partners, Inc., 5.125%, 7/15/24  | 320,591     |
| 1,000                      | Kindred Healthcare, Inc., 8.75%, 1/15/23   | 1,011,250   |
| 1,000                      | Tenet Healthcare Corp., 8.125%, 4/1/22   | 1,037,500   |
|                            |  | 2,369,341   |
|                            | <b>Health Care Services 0.9%</b>   |             |
| 1,000                      | CHS/Community Health Systems, Inc., 6.875%, 2/1/22   | 865,000     |
| 1,000                      | HCA, Inc., 7.50%, 2/15/22  | 1,137,500   |
|                            |  | 2,002,500   |
|                            | <b>Hotels Restaurants &amp; Leisure 1.0%</b>   |             |
| 1,000                      | International Game Technology PLC, 6.25%, 2/15/22 (b)(c)   | 1,052,500   |
| 1,000                      | MGM Resorts International, 6.625%, 12/15/21  | 1,111,880   |
|                            |  | 2,164,380   |
|                            | <b>Household Durables 1.0%</b>   |             |
| 1,000                      | Brookfield Residential Properties, Inc., 6.50%, 12/15/20 (b)(c)                                      | 1,025,000   |
| 1,000                      | KB Home, 8.00%, 3/15/20  | 1,110,000   |
|                            |  | 2,135,000   |
|                            | <b>Independent Power &amp; Renewable Electricity Producers 0.4%</b>                                  |             |
| 1,000                      | NRG Energy, Inc., 6.25%, 5/1/24  | 992,500     |
|                            | <b>Internet &amp; Catalog Retail 0.2%</b>  |             |
| 500                        | Netflix, Inc., 5.875%, 2/15/25   | 537,500     |
|                            | <b>Internet Software &amp; Services 0.6%</b>   |             |
| 1,000                      | EarthLink, Inc., 7.375%, 6/1/20  | 1,050,000   |
| 335                        | Rackspace Hosting, Inc., 6.50%, 1/15/24 (b)(c)   | 347,562     |
|                            |  | 1,397,562   |
|                            | <b>Iron/Steel 0.1%</b>   |             |
| 265                        | AK Steel Corp., 7.50%, 7/15/23   | 280,238     |
|                            | <b>IT Services 0.5%</b>  |             |
| 1,000                      | Cardtronics, Inc., 5.125%, 8/1/22  | 1,011,250   |





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Schedule of Investments

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value       |
|-------------------------------|--|-------------|
|                               | <b>Lodging 0.5%</b>  |             |
| \$1,000                       | Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., 5.50%, 3/1/25 (b)(c)        | \$1,008,750 |
|                               | <b>Machinery 0.8%</b>  |             |
| 1,000                         | BlueLine Rental Finance Corp., 7.00%, 2/1/19 (b)(c)                            | 925,000     |
| 940                           | Commercial Vehicle Group, Inc., 7.875%, 4/15/19                                | 923,550     |
|                               |  | 1,848,550   |
|                               | <b>Media 2.8%</b>  |             |
| 1,000                         | Cablevision Systems Corp., 8.00%, 4/15/20                                      | 1,045,000   |
| 500                           | CCO Holdings LLC / CCO Holdings Capital Corp., 5.75%, 1/15/24                  | 528,750     |
| 1,000                         | Clear Channel Worldwide Holdings, Inc., 6.50%, 11/15/22                        | 1,040,000   |
| 425                           | CSC Holdings LLC, 6.75%, 11/15/21  | 452,625     |
| 1,000                         | DISH DBS Corp., 5.875%, 7/15/22  | 1,001,880   |
| 1,000                         | LIN Television Corp., 5.875%, 11/15/22   | 1,042,500   |
| 1,000                         | Mediacom Broadband LLC / Mediacom Broadband Corp., 6.375%, 4/1/23              | 1,050,000   |
|                               |  | 6,160,755   |
|                               | <b>Metals &amp; Mining 0.8%</b>  |             |
| 1,000                         | ArcelorMittal, 10.85%, 6/1/19  | 1,180,000   |
| 545                           | United States Steel Corp., 8.375%, 7/1/21 (b)(c)                               | 596,094     |
|                               |  | 1,776,094   |
|                               | <b>Multiline Retail 0.2%</b>   |             |
| 500                           | Dollar Tree, Inc., 5.75%, 3/1/23 (b)(c)  | 542,500     |
|                               | <b>Oil &amp; Gas 1.4%</b>  |             |
| 1,000                         | BreitBurn Energy Partners LP / BreitBurn Finance Corp., 8.625%, 10/15/20 (e)   | 225,000     |
| 1,000                         | Calumet Specialty Products Partners LP / Calumet Finance Corp., 6.50%, 4/15/21 | 737,500     |
| 1,000                         | CVR Refining LLC / Coffeyville Finance, Inc., 6.50%, 11/1/22                   | 855,000     |
| 1,000                         | Sunoco LP / Sunoco Finance Corp., 6.375%, 4/1/23 (b)(c)                        | 1,022,500   |
| 165                           | Weatherford International Ltd., 8.25%, 6/15/23                                 | 154,275     |
|                               |  | 2,994,275   |
|                               | <b>Oil, Gas &amp; Consumable Fuels 2.0%</b>                                    |             |
| 1,000                         | Carrizo Oil & Gas, Inc., 6.25%, 4/15/23  | 950,000     |
| 1,000                         | Chesapeake Energy Corp., 6.625%, 8/15/20                                       | 765,000     |
| 1,000                         | Energy Transfer Equity LP, 5.875%, 1/15/24                                     | 1,008,090   |
| 1,000                         | Rice Energy, Inc., 6.25%, 5/1/22   | 980,000     |
| 1,000                         | Sanchez Energy Corp., 6.125%, 1/15/23  | 677,500     |
|                               |  | 4,380,590   |
|                               | <b>Pharmaceuticals 1.0%</b>  |             |
| 500                           | Endo Finance LLC & Endo Finco, Inc., 5.375%, 1/15/23 (b)(c)                    | 436,250     |
| 1,000                         | Horizon Pharma, Inc., 6.625%, 5/1/23   | 975,000     |
| 1,000                         | Valeant Pharmaceuticals International, Inc., 6.125%, 4/15/25 (b)(c)            | 832,500     |
|                               |  | 2,243,750   |
|                               | <b>Pipelines 0.5%</b>  |             |
| 1,000                         | Sabine Pass Liquefaction LLC, 5.75%, 5/15/24                                   | 1,030,000   |
|                               | <b>Real Estate Investment Trust 0.7%</b>                                       |             |
| 500                           | Equinix, Inc., 5.375%, 1/1/22  | 528,750     |
| 1,000                         | Kennedy-Wilson, Inc., 5.875%, 4/1/24   | 1,013,750   |
|                               |  | 1,542,500   |



**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Value             |
|----------------------------|---|-------------------|
|                            | <b>Retail 0.4%</b>  |                   |
| \$1,000                    | Neiman Marcus Group Ltd. LLC, 8.00%, 10/15/21 (b)(c)                      | \$852,600         |
|                            | <b>Semiconductors 0.2%</b>  |                   |
| 400                        | Sensata Technologies BV, 5.625%, 11/1/24 (b)(c)                           | 425,500           |
|                            | <b>Semiconductors &amp; Semiconductor Equipment 1.4%</b>                  |                   |
| 1,000                      | Advanced Micro Devices, Inc., 6.75%, 3/1/19                               | 1,000,940         |
| 1,000                      | Amkor Technology, Inc., 6.375%, 10/1/22                                   | 1,017,330         |
| 1,000                      | Micron Technology, Inc., 5.875%, 2/15/22                                  | 970,000           |
|                            |   | 2,988,270         |
|                            | <b>Software 0.4%</b>  |                   |
| 670                        | First Data Corp., 7.00%, 12/1/23 (b)(c)                                   | 692,612           |
| 290                        | SS&C Technologies Holdings, Inc., 5.875%, 7/15/23                         | 302,325           |
|                            |   | 994,937           |
|                            | <b>Technology Hardware, Storage &amp; Peripherals 0.4%</b>                |                   |
|                            | Diamond 1 Finance Corp. / Diamond 2 Finance Corp., 7.125%, 6/15/24 (b)(c) | 334,028           |
| 310                        |   | 350,300           |
| 310                        | Western Digital Corp., 10.50%, 4/1/24 (b)(c)                              | 684,328           |
|                            | <b>Telecommunications 3.1%</b>  |                   |
| 560                        | CommScope Technologies Finance LLC, 6.00%, 6/15/25 (b)(c)                 | 593,600           |
| 1,000                      | Consolidated Communications, Inc., 6.50%, 10/1/22                         | 925,000           |
| 1,000                      | Hughes Satellite Systems Corp., 7.625%, 6/15/21                           | 1,073,750         |
| 1,000                      | Intelsat Jackson Holdings S.A., 7.25%, 4/1/19                             | 752,500           |
| 500                        | Level 3 Financing, Inc., 5.375%, 5/1/25                                   | 526,875           |
| 1,000                      | Sprint Communications, Inc., 6.00%, 11/15/22                              | 862,880           |
| 1,000                      | T-Mobile USA, Inc., 6.836%, 4/28/23                                       | 1,071,250         |
| 1,000                      | Windstream Services LLC, 7.50%, 6/1/22                                    | 925,000           |
|                            |   | 6,730,855         |
|                            | <b>Trading Companies &amp; Distributors 0.5%</b>                          |                   |
| 1,000                      | H&E Equipment Services, Inc., 7.00%, 9/1/22                               | 1,047,500         |
|                            | <b>Total Corporate Bonds &amp; Notes (cost-\$77,492,503)</b>              | <b>73,850,085</b> |
|                            | <b>Convertible Preferred Stock 15.8%</b>                                  |                   |
|                            | <b>Commercial Services &amp; Supplies 0.8%</b>                            |                   |
| 23,485                     | Stericycle, Inc., 5.25%, 9/15/18 (a)                                      | 1,751,746         |
|                            | <b>Diversified Telecommunications Services 1.1%</b>                       |                   |
| 24,375                     | Frontier Communications Corp., 11.125%, 6/29/18 (a)                       | 2,410,200         |
|                            | <b>Electrical Components &amp; Equipment 0.9%</b>                         |                   |
| 18,470                     | Belden, Inc., 6.75%, 7/15/19 (a)  | 1,959,852         |
|                            | <b>Financial Services 0.9%</b>  |                   |
| 19,270                     | Mandatory Exchangeable Trust, 5.75%, 6/1/19 (a)(b)(c)                     | 2,038,477         |
|                            | <b>Food Products 1.3%</b>   |                   |
| 12,345                     | Post Holdings, Inc., 5.25%, 6/1/17 (a)                                    | 1,894,155         |
| 11,320                     | Tyson Foods, Inc., 4.75%, 7/15/17 (a)                                     | 911,373           |
|                            |   | 2,805,528         |



**Schedule of Investments**

AllianzGI Diversified Income &amp; Convertible Fund

July 31, 2016 (unaudited) (continued)

| Shares  |   | Value              |
|---------|---|--------------------|
|         | <b>Health Care Providers &amp; Services 2.3%</b>                                  |                    |
| 11,480  | Amsurg Corp., 5.25%, 7/1/17 (a)   | \$1,615,695        |
| 74,385  | Anthem, Inc., 5.25%, 5/1/18 (a)   | 3,307,901          |
|         |   | 4,923,596          |
|         | <b>Independent Power &amp; Renewable Electricity Producers 0.3%</b>               |                    |
| 7,080   | Dynegy, Inc., 7.00%, 7/1/19 (a)   | 690,654            |
|         | <b>Media 0.0%</b>   |                    |
| 1,250   | SFX Entertainment, Inc., Ser. B, 9.00%, 9/17/19, (b)(e)(g)(h)                     | 13                 |
|         | <b>Oil, Gas &amp; Consumable Fuels 3.0%</b>                                       |                    |
| 1,970   | Chesapeake Energy Corp., 5.75% (a)(b)(c)(i)                                       | 655,025            |
| 25,765  | Hess Corp., 8.00%, 2/1/19 (a)   | 1,698,429          |
| 41,570  | Kinder Morgan, Inc., 9.75%, 10/26/18 (a)  | 2,028,616          |
| 30,000  | Sanchez Energy Corp., 6.50% (a)(i)  | 639,600            |
| 46,165  | Southwestern Energy Co., 6.25%, 1/15/18 (a)                                       | 1,539,603          |
|         |   | 6,561,273          |
|         | <b>Pharmaceuticals 3.0%</b>   |                    |
| 5,070   | Allergan PLC, 5.50%, 3/1/18 (a)   | 4,544,444          |
| 2,310   | Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18 (a)                          | 2,048,392          |
|         |   | 6,592,836          |
|         | <b>Real Estate Investment Trust 1.2%</b>  |                    |
| 22,950  | American Tower Corp., 5.50%, 2/15/18 (a)  | 2,539,417          |
|         | <b>Wireless Telecommunication Services 1.0%</b>                                   |                    |
| 28,470  | T-Mobile US, Inc., 5.50%, 12/15/17 (a)  | 2,222,653          |
|         | <b>Total Convertible Preferred Stock (cost-\$40,215,629)</b>                      | <b>34,496,245</b>  |
|         |   |                    |
|         | Principal Amount (000s)   |                    |
|         | <b>Senior Loans (b)(g)(h)(j) 0.4%</b>   |                    |
|         | <b>Media 0.4%</b>   |                    |
| \$229   | SFX Entertainment, Inc., 10.00%, 1/31/17, Term B, DIP, PIK (k)                    | 228,432            |
| 749     | SFXE Netherlands Holding Coöperatief U.A., 20.00%, 1/14/17, Term B, DIP, PIK      | 749,434            |
|         | <b>Total Senior Loans (cost-\$977,866)</b>  | <b>977,866</b>     |
|         |   |                    |
|         | Units   |                    |
|         | <b>Warrant (a)(f)(g) 0.0%</b>   |                    |
| 37,000  | Cenveo, Inc., expires 6/10/24 (cost-\$10,114)                                     | 15,867             |
|         |   |                    |
|         | Principal Amount (000s)   |                    |
|         | <b>Short-Term Investment 2.2%</b>   |                    |
|         | <b>Time Deposit 2.2%</b>  |                    |
| \$4,699 | BNP Paribas Paris, 0.15%, 8/1/16 (cost-\$4,699,379)                               | 4,699,379          |
|         | <b>Total Investments, before call options written (cost-\$355,713,689) 148.4%</b> | <b>323,645,620</b> |



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**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

| Contracts<br>Call Options Written (f) (0.0)% |  | Value                |
|--|--|----------------------|
| 15   | Alphabet, Inc., (CBOE),<br>strike price \$775, expires 8/19/16                       | \$(33,750)           |
| 16   | Amazon.com, Inc., (CBOE),<br>strike price \$825, expires 8/19/16                     | (696)                |
| 55   | Amgen, Inc., (CBOE),<br>strike price \$180, expires 8/19/16                          | (1,265)              |
| 135  | Amphenol Corp., (CBOE),<br>strike price \$60, expires 8/19/16                        | (8,775)              |
| 150  | Baxter International, Inc., (CBOE),<br>strike price \$47.50, expires 8/19/16         | (15,450)             |
| 105  | Bristol-Myers Squibb Co., (CBOE),<br>strike price \$80, expires 8/19/16              | (1,365)              |
| 210  | Coca-Cola Co., (CBOE),<br>strike price \$47, expires 8/19/16                         | (315)                |
| 160  | Comcast Corp., (CBOE),<br>strike price \$70, expires 8/19/16                         | (1,920)              |
| 50   | Costco Wholesale Corp., (CBOE),<br>strike price \$175, expires 9/16/16               | (3,550)              |
| 98   | Facebook, Inc., (CBOE),<br>strike price \$135, expires 8/19/16                       | (931)                |
| 165  | General Electric Co., (CBOE),<br>strike price \$34, expires 8/19/16                  | (248)                |
| 75   | Home Depot, Inc., (CBOE),<br>strike price \$140, expires 8/19/16                     | (12,525)             |
| 290  | Intel Corp., (CBOE),<br>strike price \$37, expires 8/19/16                           | (435)                |
| 11   | International Business Machines Corp., (ASE),<br>strike price \$170, expires 8/19/16 | (88)                 |
| 60   | McDonald's Corp., (CBOE),<br>strike price \$132, expires 8/19/16                     | (210)                |
| 240  | Microsoft Corp., (ASE),<br>strike price \$58.50, expires 8/19/16                     | (2,760)              |
| 55   | Occidental Petroleum Corp., (ASE),<br>strike price \$80, expires 8/19/16             | (687)                |
| 175  | Starbucks Corp., (ASE),<br>strike price \$61, expires 8/19/16                        | (788)                |
| 150  | Texas Instruments, Inc., (CBOE),<br>strike price \$75, expires 9/16/16               | (3,450)              |
| 125  | Verizon Communications, Inc., (CBOE),<br>strike price \$57.50, expires 8/19/16       | (937)                |
| 120  | Visa, Inc., (CBOE),<br>strike price \$83, expires 8/19/16                            | (600)                |
|  | Total Call Options Written (premiums received-\$82,843)                              | (90,745)             |
|  | <b>Total Investments, net of call options written</b>                                |                      |
|  | (cost-\$355,630,846) <b>148.4%</b>   | 323,554,875          |
|  | Other liabilities in excess of other assets (48.4)%                                  | (105,553,924)        |
|  | <b>Net Assets 100.0%</b>   | <b>\$218,000,951</b> |





**Schedule of Investments**

**AllianzGI Diversified Income & Convertible Fund**

July 31, 2016 (unaudited) (continued)

**Notes to Schedule of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written and long-term and short-term loan financing.
- (b) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$47,776,582, representing 21.9% of net assets.
- (c) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (d) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (e) In default.
- (f) Non-income producing.
- (g) Fair-Valued Securities with an aggregate value of \$993,746, representing 0.5% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (h) Illiquid.
- (i) Perpetual maturity. The date shown, if any, is the next call date.
- (j) Debtor-in-possession financial obligations.
- (k) Includes approximately \$23,914 extended to two indirect, wholly-owned subsidiaries located in Brazil through an intercompany note secured by all or substantially all of the assets of the Brazilian subsidiaries.
- (l) Transactions in call options written for the six months ended July 31, 2016:

|  | Contracts | Premiums  |
|--|-----------|-----------|
| Options outstanding, January 31, 2016      | 1,870     | \$102,810 |
| Options written                            | 9,382     | 383,589   |
| Options terminated in closing transactions | (3,148)   | (106,685) |
| Options expired                            | (5,644)   | (296,871) |
| Options outstanding, July 31, 2016         | 2,460     | \$82,843  |

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(m) Fair Value Measurements See Note 1(b) in Notes to Financial Statements.

|  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/16 |
|--|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b>      |                          |  |  |                     |
| Convertible Bonds & Notes                    | \$                       | \$133,317,597  | \$   | \$133,317,597       |
| Common Stock                                 | 76,288,581               |  |  | 76,288,581          |
| Corporate Bonds & Notes                      |                          | 73,850,085   |  | 73,850,085          |
| Convertible Preferred Stock:                 |                          |  |  |                     |
| Electrical Components & Equipment            |                          | 1,959,852  |  | 1,959,852           |
| Financial Services                           |                          | 2,038,477  |  | 2,038,477           |
| Food Products                                | 911,373                  | 1,894,155  |  | 2,805,528           |
| Media  |                          |  | 13   | 13                  |
| Oil, Gas & Consumable Fuels                  | 5,266,648                | 1,294,625  |  | 6,561,273           |
| Pharmaceuticals                              | 4,544,444                | 2,048,392  |  | 6,592,836           |
| All Other                                    | 14,538,266               |  |  | 14,538,266          |
| Senior Loans                                 |                          |  | 977,866  | 977,866             |
| Warrant                                      |                          |  | 15,867   | 15,867              |
| Short-Term Investment                        |                          | 4,699,379  |  | 4,699,379           |
|  | 101,549,312              | 221,102,562  | 993,746  | 323,645,620         |
| <b>Investments in Securities Liabilities</b> |                          |  |  |                     |
| Call Options Written, at value:              |                          |  |  |                     |
| Market price                                 | (90,745)                 |  |  | (90,745)            |
| <b>Totals</b>                                | \$101,458,567            | \$221,102,562  | \$993,746  | \$323,554,875       |

At July 31, 2016, the Fund had no transfers between levels.

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**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2016, was as follows:

|                                  | Beginning<br>Balance<br>1/31/16 | Purchases | Sales | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net<br>Change in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3 | Ending<br>Balance<br>7/31/16 |
|----------------------------------|---------------------------------|-----------|-------|------------------------------------|-----------------------------------|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities</b> |                                 |           |       |                                    |                                   |   |                              |                                |                              |
| <b>Assets</b>                    |                                 |           |       |                                    |                                   |   |                              |                                |                              |
| Convertible Preferred            |                                 |           |       |                                    |                                   |   |                              |                                |                              |
| Stock                            | \$581,250                       | \$        | \$    | \$                                 | \$                                | \$(581,237)   | \$                           | \$                             | \$13                         |
| Senior Loans                     |                                 | 977,866   |       |                                    |                                   |   |                              |                                | 977,866                      |
| Warrant                          |                                 | 10,113    |       |                                    |                                   | 5,754   |                              |                                | 15,867                       |
| <b>Totals</b>                    | \$581,250                       | \$987,979 | \$    | \$                                 | \$                                | \$(575,483)   | \$                           | \$                             | \$993,746                    |

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at July 31, 2016:

|                                  | Ending Balance<br>at 7/31/16 | Valuation<br>Technique Used                                  | Unobservable<br>Inputs            | Input<br>Values |
|----------------------------------|------------------------------|--|-----------------------------------|-----------------|
| <b>Investments in Securities</b> |                              |  |                                   |                 |
| <b>Assets</b>                    |                              |  |                                   |                 |
| Convertible Preferred Stock      | \$13                         | Fundamental Analytical<br>Data Relating to the<br>Investment | Liquidation Value                 | \$0.01*         |
| Senior Loans                     | 977,866                      | Model Price  | Proprietary Data Used in<br>Model | \$100.00        |
| Warrant                          | 15,867                       | Fundamental Analytical<br>Data Relating to the<br>Investment | Price of Warrant                  | \$0.42884       |

\* Preferred stock trades are in lots of 1,000.

The net change in unrealized appreciation/depreciation of Level 3 investments held at July 31, 2016, was \$(575,483). Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

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(n) The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure:

The effect of derivatives on the Fund's Statements of Assets and Liabilities at July 31, 2016:

| Location                       | Market Price |
|--------------------------------|--------------|
| <b>Liability derivatives:</b>  |              |
| Call options written, at value | \$(90,745)   |

The effect of derivatives on the Fund's Statements of Operations for the six months ended July 31, 2016:

| Location  | Market Price |
|---|--------------|
| <b>Net realized loss on:</b>                                  |              |
| Call options written  | \$(79,560)   |
| <b>Net change in unrealized appreciation/depreciation of:</b> |              |
| Call options written  | \$(35,202)   |

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**Schedule of Investments**

AllianzGI Diversified Income & Convertible Fund

July 31, 2016 (unaudited) (continued)

The average volume (based on the open positions at each fiscal quarter-end) of derivative activity during the six months ended July 31, 2016 was 2,166 call options written contracts.

**Glossary:**

- ADR - American Depositary Receipt
- ASE - American Stock Exchange
- CBOE - Chicago Board Options Exchange
- DIP - Debtor-in-Possession
- PIK - Payment-in-Kind

See accompanying Notes to Financial Statements | July 31, 2016 | Semi-Annual Report **27**

**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited)

| Common Stock | Shares       |  | Value       |
|--------------|--------------|--|-------------|
|              | <b>70.9%</b> |  |             |
|              | 46,700       | <b>Aerospace &amp; Defense 1.8%</b>                            |             |
|              | 39,116       | Boeing Co.   | \$6,241,922 |
|              |              | United Technologies Corp.                                      | 4,210,837   |
|              |              |  | 10,452,759  |
|              | 159,800      | <b>Auto Components 1.2%</b>                                    |             |
|              |              | Johnson Controls, Inc.   | 7,338,016   |
|              | 2,817        | <b>Automobiles 2.0%</b>  |             |
|              | 547,300      | Ferrari NV   | 127,244     |
|              | 154,426      | Ford Motor Co.   | 6,928,818   |
|              |              | General Motors Co.   | 4,870,596   |
|              |              |  | 11,926,658  |
|              | 101,000      | <b>Banks 0.8%</b>  |             |
|              |              | Wells Fargo & Co.  | 4,844,970   |
|              | 164,300      | <b>Beverages 2.5%</b>  |             |
|              | 72,000       | Coca-Cola Co. (a)  | 7,168,409   |
|              |              | PepsiCo, Inc.  | 7,842,240   |
|              |              |  | 15,010,649  |
|              | 138,100      | <b>Biotechnology 4.7%</b>                                      |             |
|              | 52,700       | AbbVie, Inc. (a)   | 9,146,363   |
|              | 9,700        | Amgen, Inc. (a)  | 9,065,981   |
|              | 91,000       | Biogen, Inc. (b)   | 2,812,321   |
|              |              | Gilead Sciences, Inc.  | 7,231,770   |
|              |              |  | 28,256,435  |
|              | 56,400       | <b>Chemicals 1.0%</b>  |             |
|              |              | Monsanto Co.   | 6,021,828   |
|              | 128,100      | <b>Communications Equipment 1.3%</b>                           |             |
|              |              | Qualcomm, Inc.   | 8,016,498   |
|              | 341,500      | <b>Computers &amp; Peripherals 1.6%</b>                        |             |
|              |              | EMC Corp.  | 9,657,620   |
|              | 15,200       | <b>Construction &amp; Engineering 0.1%</b>                     |             |
|              |              | Fluor Corp.  | 813,504     |
|              | 140,400      | <b>Diversified Telecommunications Services 1.3%</b>            |             |
|              |              | Verizon Communications, Inc. (a)                               | 7,779,564   |
|              | 97,185       | <b>Electric Utilities 0.6%</b>                                 |             |
|              |              | Exelon Corp.   | 3,623,057   |
|              | 115,400      | <b>Electronic Equipment, Instruments &amp; Components 1.9%</b> |             |
|              | 208,840      | Amphenol Corp., Class A (a)                                    | 6,868,608   |
|              |              | Corning, Inc.  | 4,640,425   |
|              |              |  | 11,509,033  |
|              | 103,271      | <b>Energy Equipment &amp; Services 2.1%</b>                    |             |
|              | 9,700        | Baker Hughes, Inc.   | 4,939,452   |
|              | 53,600       | Diamond Offshore Drilling, Inc.                                | 220,384     |
|              |              | National Oilwell Varco, Inc.                                   | 1,733,960   |



**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Shares  |  | Value       |
|---------|--|-------------|
|         | <b>Energy Equipment &amp; Services (continued)</b> |             |
| 72,000  | Schlumberger Ltd.                                  | \$5,797,440 |
|         |  | 12,691,236  |
|         | <b>Food &amp; Staples Retailing 3.3%</b>           |             |
| 44,900  | Costco Wholesale Corp. (a)                         | 7,508,178   |
| 182,400 | Kroger Co.   | 6,236,256   |
| 74,100  | Walgreens Boots Alliance, Inc.                     | 5,872,425   |
|         |  | 19,616,859  |
|         | <b>Health Care Equipment &amp; Supplies 0.8%</b>   |             |
| 93,300  | Baxter International, Inc. (a)                     | 4,480,266   |
|         | <b>Health Care Providers &amp; Services 4.3%</b>   |             |
| 62,781  | HCA Holdings, Inc. (b)                             | 4,842,299   |
| 38,381  | Laboratory Corp. of America Holdings (a)(b)        | 5,356,452   |
| 46,400  | McKesson Corp.                                     | 9,027,584   |
| 44,400  | United Health Group, Inc.                          | 6,358,080   |
|         |  | 25,584,415  |
|         | <b>Hotels Restaurants &amp; Leisure 2.7%</b>       |             |
| 58,900  | McDonald's Corp. (a)                               | 6,929,585   |
| 161,900 | Starbucks Corp. (a)                                | 9,398,295   |
|         |  | 16,327,880  |
|         | <b>Household Products 1.2%</b>                     |             |
| 83,000  | Procter & Gamble Co.                               | 7,103,970   |
|         | <b>Industrial Conglomerates 2.1%</b>               |             |
| 37,100  | 3M Co.   | 6,617,156   |
| 184,485 | General Electric Co.                               | 5,744,863   |
|         |  | 12,362,019  |
|         | <b>Insurance 1.0%</b>                              |             |
| 79,500  | Prudential Financial, Inc.                         | 5,985,555   |
|         | <b>Internet &amp; Catalog Retail 1.8%</b>          |             |
| 14,000  | Amazon.com, Inc. (b)                               | 10,623,340  |
|         | <b>Internet Software &amp; Services 4.4%</b>       |             |
| 26,800  | Alibaba Group Holding Ltd., ADR (b)                | 2,210,464   |
| 14,305  | Alphabet, Inc., Class A (a)(b)                     | 11,320,119  |
| 85,900  | Facebook, Inc., Class A (a)(b)                     | 10,646,446  |
| 132,029 | Twitter, Inc. (b)                                  | 2,196,962   |
|         |  | 26,373,991  |
|         | <b>IT Services 2.7%</b>                            |             |
| 42,400  | International Business Machines Corp.              | 6,810,288   |
| 116,300 | Visa, Inc., Class A (a)                            | 9,077,215   |
|         |  | 15,887,503  |
|         | <b>Machinery 2.4%</b>                              |             |
| 170,200 | AGCO Corp.   | 8,196,832   |
| 52,900  | Deere & Co.  | 4,110,859   |
| 64,300  | Joy Global, Inc.                                   | 1,776,609   |
|         |  | 14,084,300  |





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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Shares                                     |  | Value       |
|--|--|-------------|
|  | <b>Media 2.8%</b>  |             |
| 121,800                                    | Comcast Corp., Class A (a)                                 | \$8,191,050 |
| 88,200                                     | The Walt Disney Co.  | 8,462,790   |
|  |  | 16,653,840  |
|  | <b>Metals &amp; Mining 0.8%</b>                            |             |
| 636,481                                    | ArcelorMittal (b)  | 4,149,856   |
| 23,400                                     | Freeport-McMoRan Copper & Gold, Inc.                       | 303,264     |
|  |  | 4,453,120   |
|  | <b>Multiline Retail 2.3%</b>                               |             |
| 126,482                                    | Macy's, Inc.   | 4,531,850   |
| 118,000                                    | Target Corp.   | 8,888,940   |
|  |  | 13,420,790  |
|  | <b>Oil, Gas &amp; Consumable Fuels 1.9%</b>                |             |
| 29,155                                     | Apache Corp.   | 1,530,638   |
| 83,400                                     | Occidental Petroleum Corp.                                 | 6,232,482   |
| 72,400                                     | Valero Energy Corp.  | 3,785,072   |
|  |  | 11,548,192  |
|  | <b>Pharmaceuticals 1.4%</b>                                |             |
| 108,500                                    | Bristol-Myers Squibb Co. (a)                               | 8,116,885   |
|  | <b>Road &amp; Rail 0.8%</b>                                |             |
| 51,300                                     | Union Pacific Corp.  | 4,773,465   |
|  | <b>Semiconductors &amp; Semiconductor Equipment 3.3%</b>   |             |
| 301,200                                    | Intel Corp. (a)  | 10,499,832  |
| 130,800                                    | Texas Instruments, Inc. (a)                                | 9,123,300   |
|  |  | 19,623,132  |
|  | <b>Software 3.5%</b>                                       |             |
| 198,500                                    | Microsoft Corp. (a)  | 11,250,980  |
| 230,000                                    | Oracle Corp.   | 9,439,200   |
|  |  | 20,690,180  |
|  | <b>Specialty Retail 1.7%</b>                               |             |
| 71,000                                     | Home Depot, Inc. (a)                                       | 9,815,040   |
|  | <b>Technology Hardware, Storage &amp; Peripherals 2.8%</b> |             |
| 160,978                                    | Apple, Inc.  | 16,775,517  |
| Total Common Stock (cost-\$492,390,333)    |  | 422,242,086 |
| Principal Amount (000s)                    |  |             |
| <b>Convertible Bonds &amp; Notes 16.1%</b> |  |             |
|  | <b>Automobiles 0.4%</b>                                    |             |
| \$30,890                                   | Fiat Chrysler, 7.875%, 12/15/16                            | 1,932,556   |
| 580  | Tesla Motors, Inc., 0.25%, 3/1/19                          | 536,862     |
|  |  | 2,469,418   |
|  | <b>Biotechnology 0.5%</b>                                  |             |
| 725  | BioMarin Pharmaceutical, Inc., 0.75%, 10/15/18             | 925,281     |



**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Value                    |
|----------------------------|---|--------------------------|
|                            | <b>Biotechnology (continued)</b>                                    |                          |
| \$2,600                    | Ionis Pharmaceuticals, Inc., 1.00%, 11/15/21                        | \$2,042,625<br>2,967,906 |
|                            | <b>Building Materials 0.4%</b>                                      |                          |
| 2,000                      | Cemex SAB de CV, 3.75%, 3/15/18                                     | 2,245,000                |
|                            | <b>Capital Markets 0.2%</b>   |                          |
| 3,000                      | Walter Investment Management Corp., 4.50%, 11/1/19                  | 1,125,000                |
|                            | <b>Construction &amp; Engineering 0.5%</b>                          |                          |
| 2,315                      | Dycom Industries, Inc., 0.75%, 9/15/21 (c)(d)                       | 2,736,041                |
|                            | <b>Consumer Finance 0.5%</b>  |                          |
| 3,625                      | PRA Group, Inc., 3.00%, 8/1/20                                      | 3,033,672                |
|                            | <b>Electrical Equipment 0.3%</b>                                    |                          |
| 2,700                      | SolarCity Corp., 1.625%, 11/1/19                                    | 2,001,375                |
|                            | <b>Energy Equipment &amp; Services 0.6%</b>                         |                          |
| 3,730                      | Helix Energy Solutions Group, Inc., 3.25%, 3/15/32                  | 3,459,575                |
|                            | <b>Health Care Equipment &amp; Supplies 0.8%</b>                    |                          |
| 1,200                      | Hologic, Inc., 2.00%, 3/1/42 (e)                                    | 1,633,500                |
| 2,500                      | Wright Medical Group NV, 2.25%, 11/15/21 (c)(d)                     | 3,043,750<br>4,677,250   |
|                            | <b>Independent Power &amp; Renewable Electricity Producers 0.4%</b> |                          |
| 2,265                      | NRG Yield, Inc., 3.25%, 6/1/20 (c)(d)                               | 2,197,050                |
|                            | <b>Internet &amp; Catalog Retail 0.3%</b>                           |                          |
| 1,500                      | Priceline Group, Inc., 0.35%, 6/15/20                               | 1,826,250                |
|                            | <b>Internet Software &amp; Services 2.1%</b>                        |                          |
| 1,300                      | Gogo, Inc., 3.75%, 3/1/20   | 849,069                  |
| 1,500                      | LinkedIn Corp., 0.50%, 11/1/19                                      | 1,492,500                |
| 1,700                      | Pandora Media, Inc., 1.75%, 12/1/20 (c)(d)                          | 1,819,000                |
| 1,400                      | Qihoo 360 Technology Co. Ltd., 2.50%, 9/15/18                       | 1,404,382                |
| 1,500                      | Trulia LLC, 2.75%, 12/15/20   | 2,527,500                |
| 2,650                      | Web.com Group, Inc., 1.00%, 8/15/18                                 | 2,499,281                |
| 2,150                      | WebMD Health Corp., 2.625%, 6/15/23 (c)(d)                          | 2,182,250<br>12,773,982  |
|                            | <b>Machinery 0.2%</b>   |                          |
| 1,000                      | Meritor, Inc., 7.875%, 3/1/26 (e)                                   | 1,186,250                |
|                            | <b>Media 0.3%</b>   |                          |
| 1,665                      | Live Nation Entertainment, Inc., 2.50%, 5/15/19                     | 1,776,347                |
|                            | <b>Metals &amp; Mining 0.3%</b>                                     |                          |
| 1,500                      | RTI International Metals, Inc., 1.625%, 10/15/19                    | 1,663,125                |
|                            | <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>                         |                          |
| 4,000                      | Cheniere Energy, Inc., 4.25%, 3/15/45                               | 2,417,500                |
|                            | Cobalt International Energy, Inc.,                                  |                          |
| 1,750                      | 2.625%, 12/1/19   | 790,781                  |
| 1,550                      | 3.125%, 5/15/24   | 636,469<br>3,844,750     |



**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value       |
|-------------------------------|--|-------------|
| \$1,450                       | <b>Personal Products 0.3%</b><br>Herbalife Ltd., 2.00%, 8/15/19  | \$1,507,101 |
| 1,500                         | <b>Pharmaceuticals 1.0%</b><br>Horizon Pharma Investment Ltd., 2.50%, 3/15/22                                  | 1,491,562   |
| 900                           | Jazz Investments I Ltd., 1.875%, 8/15/21   | 987,750     |
| 1,750                         | Medicines Co., 2.75%, 7/15/23 (c)(d)   | 1,840,781   |
| 1,115                         | Teva Pharmaceutical Finance Co. LLC, 0.25%, 2/1/26   | 1,484,344   |
|                               |  | 5,804,437   |
| 2,225                         | <b>Real Estate Investment Trust 0.4%</b><br>Extra Space Storage LP, 3.125%, 10/1/35 (c)(d)                     | 2,453,063   |
| 1,000                         | <b>Semiconductors &amp; Semiconductor Equipment 4.4%</b><br>Cypress Semiconductor Corp., 4.50%, 1/15/22 (c)(d) | 1,118,125   |
| 2,000                         | Inphi Corp., 1.125%, 12/1/20 (c)(d)  | 2,247,500   |
| 2,610                         | Intel Corp., 3.25%, 8/1/39   | 4,463,113   |
| 3,070                         | Microchip Technology, Inc., 1.625%, 2/15/25  | 3,674,406   |
| 5,315                         | Micron Technology, Inc., 3.00%, 11/15/43   | 4,311,794   |
| 470                           | NVIDIA Corp., 1.00%, 12/1/18   | 1,331,569   |
| 2,620                         | ON Semiconductor Corp., 1.00%, 12/1/20   | 2,472,625   |
| 2,270                         | Rovi Corp., 0.50%, 3/1/20  | 2,304,050   |
|                               | SunEdison, Inc. (c)(d)(f),<br>2.625%, 6/1/23   | 180,000     |
| 4,000                         | 3.375%, 6/1/25   | 45,000      |
| 1,000                         | SunPower Corp.,<br>0.875%, 6/1/21  | 2,437,500   |
| 3,000                         | 4.00%, 1/15/23 (c)(d)  | 1,861,453   |
| 2,135                         |  | 26,447,135  |
|                               | <b>Software 0.4%</b><br>FireEye, Inc., 1.00%, 6/1/35   | 2,335,937   |
| 2,500                         | <b>Specialty Retail 0.5%</b><br>Restoration Hardware Holdings, Inc., zero coupon, 6/15/19 (c)(d)               | 2,992,594   |
| 3,495                         | <b>Textiles, Apparel &amp; Luxury Goods 0.4%</b><br>Iconix Brand Group, Inc., 1.50%, 3/15/18                   | 2,231,700   |
| 2,595                         | <b>Thriffs &amp; Mortgage Finance 0.0%</b><br>MGIC Investment Corp., 5.00%, 5/1/17                             | 205,125     |
| 200                           | <b>Tobacco 0.3%</b><br>Vector Group Ltd., 1.75%, 4/15/20 (g)   | 1,885,937   |
| 1,700                         |  | 95,846,020  |
|                               | Total Convertible Bonds & Notes (cost-\$101,829,319)   |             |
|                               | <b>Convertible Preferred Stock 11.7%</b>   |             |
|                               | <b>Banks 1.2%</b><br>Huntington Bancshares, Inc., 8.50% (h)  | 4,392,000   |
| 3,050                         | Wells Fargo & Co., Ser. L, 7.50% (h)   | 2,922,116   |
| 2,195                         |  | 7,314,116   |



**Schedule of Investments**

AllianzGI Equity &amp; Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Shares  |   | Value       |
|---------|---|-------------|
|         | <b>Commercial Services &amp; Supplies 0.4%</b>                |             |
| 29,890  | Stericycle, Inc., 5.25%, 9/15/18                              | \$2,229,495 |
|         | <b>Diversified Financial Services 0.8%</b>                    |             |
| 3,965   | Bank of America Corp., Ser. L, 7.25% (h)                      | 4,781,790   |
|         | <b>Diversified Telecommunications Services 0.7%</b>           |             |
| 42,905  | Frontier Communications Corp., Ser. A, 11.125%, 6/29/18       | 4,242,446   |
|         | <b>Electric Utilities 0.9%</b>                                |             |
| 105,000 | Exelon Corp., 6.50%, 6/1/17                                   | 5,255,250   |
|         | <b>Financial Services 0.4%</b>                                |             |
| 23,400  | Mandatory Exchangeable Trust, 5.75%, 6/1/19 (c)(d)            | 2,475,369   |
|         | <b>Food Products 1.3%</b>                                     |             |
| 48,800  | Bunge Ltd., 4.875% (h)  | 4,870,850   |
| 11,900  | Post Holdings, Inc., 2.50% (h)                                | 1,949,369   |
| 13,800  | Tyson Foods, Inc., 4.75%, 7/15/17                             | 1,111,038   |
|         |   | 7,931,257   |
|         | <b>Health Care Providers &amp; Services 0.6%</b>              |             |
| 85,670  | Anthem, Inc., 5.25%, 5/1/18                                   | 3,809,745   |
|         | <b>Multi-Utilities 0.5%</b>                                   |             |
| 58,650  | AES Trust III, 6.75%, 10/15/29                                | 3,012,850   |
|         | <b>Oil, Gas &amp; Consumable Fuels 1.1%</b>                   |             |
| 25,000  | ATP Oil & Gas Corp., 8.00% (b)(c)(d)(f)(h)                    | 3           |
| 34,050  | Chesapeake Energy Corp., 5.00% (h)                            | 1,012,987   |
| 46,870  | Kinder Morgan, Inc., 9.75%, 10/26/18                          | 2,287,256   |
| 39,900  | Southwestern Energy Co., Ser. B, 6.25%, 1/15/18               | 1,330,665   |
| 35,410  | WPX Energy, Inc., 6.25%, 7/31/18                              | 1,776,520   |
|         |   | 6,407,431   |
|         | <b>Pharmaceuticals 1.3%</b>                                   |             |
| 5,515   | Allergan PLC, Ser. A, 5.50%, 3/1/18                           | 4,943,315   |
| 2,960   | Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18          | 2,624,780   |
|         |   | 7,568,095   |
|         | <b>Real Estate Investment Trust 2.0%</b>                      |             |
| 36,635  | American Tower Corp., 5.50%, 2/15/18                          | 4,053,663   |
| 98,900  | FelCor Lodging Trust, Inc., Ser. A, 1.95% (h)                 | 2,482,390   |
| 75,000  | Welltower, Inc., 6.50% (h)                                    | 5,268,750   |
|         |   | 11,804,803  |
|         | <b>Wireless Telecommunication Services 0.5%</b>               |             |
| 36,255  | T-Mobile US, Inc., 5.50%, 12/15/17                            | 2,830,428   |
|         | Total Convertible Preferred Stock (cost-\$77,038,355)         | 69,663,075  |
|         | <b>Warrant (b) 0.0%</b>                                       |             |
| 5,558   | Units<br>General Motors Co., expires 7/10/19 (cost-\$336,224) | 75,700      |



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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s)                         |   | Value       |
|---|---|-------------|
| <b>Short-Term Investment</b>                          | <b>1.5%</b>   |             |
| \$8,893   | <b>Time Deposit</b>   |             |
|   | <b>1.5%</b>   |             |
|   | Wells Fargo-Grand Cayman, 0.15%, 8/1/16 (cost-\$8,893,302)                            | \$8,893,302 |
| <b>Total Investments, before call options written</b> |   |             |
| (cost-\$680,487,533)                                  | <b>100.2%</b>   | 596,720,183 |
| <br>Contracts   |   |             |
| <b>Call Options Written (b)</b>                       | <b>(0.1)%</b>   |             |
| 895   | AbbVie, Inc., (ISX),<br>strike price \$67.50, expires 8/19/16                         | (43,855)    |
| 75  | Alphabet, Inc., (CBOE),<br>strike price \$775, expires 8/19/16                        | (168,750)   |
| 85  | Amazon.com, Inc., (CBOE),<br>strike price \$825, expires 8/19/16                      | (3,698)     |
| 265   | Amgen, Inc., (CBOE),<br>strike price \$180, expires 8/19/16                           | (6,095)     |
| 690   | Amphenol Corp., (CBOE),<br>strike price \$60, expires 8/19/16                         | (44,850)    |
| 650   | Baxter International, Inc., (CBOE),<br>strike price \$47.50, expires 8/19/16          | (66,950)    |
| 540   | Bristol-Myers Squibb Co., (CBOE),<br>strike price \$80, expires 8/19/16               | (7,020)     |
| 1,150   | Coca-Cola Co., (CBOE),<br>strike price \$47, expires 8/19/16                          | (1,725)     |
| 610   | Comcast Corp., (CBOE),<br>strike price \$70, expires 8/19/16                          | (7,320)     |
| 270   | Costco Wholesale Corp., (CBOE),<br>strike price \$175, expires 9/16/16                | (19,170)    |
| 515   | Facebook, Inc., (CBOE),<br>strike price \$135, expires 8/19/16                        | (4,893)     |
| 425   | Home Depot, Inc., (CBOE),<br>strike price \$140, expires 8/19/16                      | (70,975)    |
| 1,505   | Intel Corp., (CBOE),<br>strike price \$37, expires 8/19/16                            | (2,257)     |
| 265   | Laboratory Corp. of America Holdings, (CBOE),<br>strike price \$145, expires 11/18/16 | (82,150)    |
| 295   | McDonald's Corp., (CBOE),<br>strike price \$132, expires 8/19/16                      | (1,033)     |
| 1,190   | Microsoft Corp., (ASE),<br>strike price \$58.50, expires 8/19/16                      | (13,685)    |
| 970   | Starbucks Corp., (ASE),<br>strike price \$61, expires 8/19/16                         | (4,365)     |
| 785   | Texas Instruments, Inc., (CBOE),<br>strike price \$75, expires 9/16/16                | (18,055)    |



**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

| Contracts   | Value   |
|---|---|
| 705   | Verizon Communications, Inc., (CBOE),<br>strike price \$57.50, expires 8/19/16<br>\$(5,287) |
| 585   | Visa, Inc., (CBOE),<br>strike price \$83, expires 8/19/16<br>(2,925)                        |
| Total Call Options Written (premiums received-\$426,975)                                    | (575,058)   |
| <b>Total Investments, net of call options written</b><br>(cost-\$680,060,558) <b>100.1%</b> | 596,145,125   |
| Other liabilities in excess of other assets (0.1)%  | (621,166)   |
| <b>Net Assets 100.0%</b>  | <b>\$595,523,959</b>  |

**Notes to Schedule of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written.
- (b) Non-income producing.
- (c) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$27,191,979, representing 4.6% of net assets.
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (e) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (f) In default.
- (g) In addition to the coupon rate shown, the issuer is expected to pay additional interest based on the actual dividends paid on its common stock.
- (h) Perpetual maturity. The date shown, if any, is the next call date.
- (i) Transactions in call options written for the six months ended July 31, 2016:

|  | Contracts | Premiums    |
|--|-----------|-------------|
| Options outstanding, January 31, 2016      | 7,750     | \$452,476   |
| Options written                            | 42,301    | 1,776,580   |
| Options terminated in closing transactions | (11,145)  | (398,668)   |
| Options expired                            | (26,436)  | (1,403,413) |

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Options outstanding, July 31, 2016 12,470 \$426,975

(j) Fair Value Measurements See Note 1(b) in Notes to Financial Statements.

|   | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/16 |
|---|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b> |                          |  |  |                     |
| Common Stock                            | \$422,242,086            | \$   | \$   | \$422,242,086       |
| Convertible Bonds & Notes               |                          | 95,846,020   |  | 95,846,020          |
| Convertible Preferred Stock:            |                          |  |  |                     |
| Financial Services                      |                          | 2,475,369  |  | 2,475,369           |
| Food Products                           | 1,111,038                | 6,820,219  |  | 7,931,257           |
| Oil, Gas & Consumable Fuels             | 5,394,441                | 1,012,990  |  | 6,407,431           |
| Pharmaceuticals                         | 4,943,315                | 2,624,780  |  | 7,568,095           |
| All Other                               | 45,280,923               |  |  | 45,280,923          |
| Warrant                                 | 75,700                   |  |  | 75,700              |
| Short-Term Investment                   |                          | 8,893,302  |  | 8,893,302           |
|   | 479,047,503              | 117,672,680  |  | 596,720,183         |

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**Schedule of Investments**

AllianzGI Equity & Convertible Income Fund

July 31, 2016 (unaudited) (continued)

|                                  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/16 |
|----------------------------------|--------------------------|--|--|---------------------|
| <b>Investments in Securities</b> |                          |  |  |                     |
| <b>Liabilities</b>               |                          |  |  |                     |
| Call Options Written, at value:  |                          |  |  |                     |
| Market price                     | (575,058)                |  |  | (575,058)           |
| <b>Totals</b>                    | \$478,472,445            | \$117,672,680  | \$   | \$596,145,125       |

At July 31, 2016, the Fund had no transfers between levels.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2016, was as follows:

|   | Beginning<br>Balance<br>1/31/16 | Purchases | Sales          | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net<br>Change in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3 | Ending<br>Balance<br>7/31/16 |
|---|---------------------------------|-----------|----------------|------------------------------------|-----------------------------------|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities</b>                  |                                 |           |                |                                    |                                   |   |                              |                                |                              |
| <b>Assets</b>                                     |                                 |           |                |                                    |                                   |   |                              |                                |                              |
| Convertible Preferred Stock:                      |                                 |           |                |                                    |                                   |   |                              |                                |                              |
| Electronic Equipment,<br>Instruments & Components | \$3,895,800                     | \$        | \$(5,297,600)  | \$                                 | \$                                | \$1,401,800   | \$                           | \$                             | \$                           |
| Health Care Providers &<br>Services               | 9,097,103                       |           | (10,886,327)   |                                    |                                   | 1,789,224   |                              |                                |                              |
| Technology Hardware,<br>Storage & Peripherals     | 5,086,196                       |           | (6,551,657)    |                                    |                                   | 1,465,461   |                              |                                |                              |
| <b>Totals</b>                                     | \$18,079,099                    | \$        | \$(22,735,584) | \$                                 | \$                                | \$4,656,485   | \$                           | \$                             | \$                           |

**Conversion**

(k) The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure:

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The effect of derivatives on the Fund's Statements of Assets and Liabilities at July 31, 2016:

| Location                       | Market Price |
|--------------------------------|--------------|
| <b>Liability derivatives:</b>  |              |
| Call options written, at value | \$(575,058)  |

The effect of derivatives on the Fund's Statements of Operations for the six months ended July 31, 2016:

| Location  | Market Price |
|---|--------------|
| <b>Net realized gain on:</b>                                  |              |
| Call options written  | \$11,136     |
| <b>Net change in unrealized appreciation/depreciation of:</b> |              |
| Call options written  | \$(306,344)  |

The average volume (based on the open positions at each fiscal quarter-end) of derivative activity during the six months ended July 31, 2016 was 10,094 call options written contracts.

### Glossary:

ADR - American Depositary Receipt  
ASE - American Stock Exchange  
CBOE - Chicago Board Options Exchange  
ISX - International Securities Exchange

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

| Common Stock | Shares       |   | Value        |
|--------------|--------------|---|--------------|
|              | <b>71.0%</b> |   |              |
|              | 133,500      | <b>Aerospace &amp; Defense 3.0%</b>                 |              |
|              | 200,000      | General Dynamics Corp.                              | \$19,609,815 |
|              |              | United Technologies Corp. (a)                       | 21,530,000   |
|              |              |   | 41,139,815   |
|              |              | <b>Automobiles 3.0%</b>                             |              |
|              | 1,479,700    | Ford Motor Co. (a)                                  | 18,733,002   |
|              | 715,000      | General Motors Co. (a)                              | 22,551,100   |
|              |              |   | 41,284,102   |
|              |              | <b>Banks 9.3%</b>                                   |              |
|              | 489,300      | Citigroup, Inc. (a)                                 | 21,436,233   |
|              | 967,900      | Fifth Third Bancorp (a)                             | 18,370,742   |
|              | 580,500      | JPMorgan Chase & Co. (a)                            | 37,134,585   |
|              | 195,000      | PNC Financial Services Group, Inc. (a)              | 16,116,750   |
|              | 717,000      | Wells Fargo & Co. (a)                               | 34,394,490   |
|              |              |   | 127,452,800  |
|              |              | <b>Biotechnology 3.2%</b>                           |              |
|              | 335,000      | AbbVie, Inc. (a)                                    | 22,187,050   |
|              | 279,300      | Gilead Sciences, Inc. (a)                           | 22,195,971   |
|              |              |   | 44,383,021   |
|              |              | <b>Capital Markets 1.5%</b>                         |              |
|              | 215,400      | Ameriprise Financial, Inc. (a)                      | 20,643,936   |
|              |              | <b>Chemicals 1.4%</b>                               |              |
|              | 290,900      | Celanese Corp., Class A (a)                         | 18,448,878   |
|              |              | <b>Communications Equipment 1.2%</b>                |              |
|              | 546,900      | Cisco Systems, Inc. (a)                             | 16,696,857   |
|              |              | <b>Construction &amp; Engineering 1.6%</b>          |              |
|              | 416,000      | Fluor Corp. (a)                                     | 22,264,320   |
|              |              | <b>Consumer Finance 3.0%</b>                        |              |
|              | 310,000      | American Express Co.                                | 19,982,600   |
|              | 311,200      | Capital One Financial Corp. (a)                     | 20,875,296   |
|              |              |   | 40,857,896   |
|              |              | <b>Containers/Packaging 1.4%</b>                    |              |
|              | 429,400      | International Paper Co. (a)                         | 19,670,814   |
|              |              | <b>Diversified Telecommunications Services 4.5%</b> |              |
|              | 910,000      | AT&T, Inc. (a)                                      | 39,393,900   |
|              | 138,890      | Intelsat SA (b)                                     | 319,447      |
|              | 391,800      | Verizon Communications, Inc. (a)                    | 21,709,638   |
|              |              |   | 61,422,985   |
|              |              | <b>Electric Utilities 3.1%</b>                      |              |
|              | 309,400      | American Electric Power Co., Inc. (a)               | 21,441,420   |
|              | 255,700      | Entergy Corp.                                       | 20,811,423   |
|              |              |   | 42,252,843   |

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Shares                                  |  | Value        |
|---|--|--------------|
|   | <b>Electrical Equipment 1.7%</b>                           |              |
| 362,900                                 | Eaton Corp. PLC (a)  | \$23,011,489 |
|   | <b>Food &amp; Staples Retailing 1.7%</b>                   |              |
| 321,900                                 | Wal-Mart Stores, Inc. (a)                                  | 23,489,043   |
|   | <b>Health Care Providers &amp; Services 1.7%</b>           |              |
| 262,000                                 | Quest Diagnostics, Inc. (a)                                | 22,626,320   |
|   | <b>Household Products 1.1%</b>                             |              |
| 175,000                                 | Procter & Gamble Co. (a)                                   | 14,978,250   |
|   | <b>Insurance 5.8%</b>                                      |              |
| 355,000                                 | Hartford Financial Services Group, Inc.                    | 14,146,750   |
| 633,200                                 | MetLife, Inc. (a)  | 27,062,968   |
| 323,700                                 | The Travelers Cos, Inc. (a)                                | 37,620,414   |
|   |  | 78,830,132   |
|   | <b>IT Services 2.4%</b>                                    |              |
| 206,140                                 | International Business Machines Corp. (a)                  | 33,110,207   |
|   | <b>Leisure Products 1.7%</b>                               |              |
| 696,900                                 | Mattel, Inc. (a)   | 23,262,522   |
|   | <b>Metals &amp; Mining 0.3%</b>                            |              |
| 613,335                                 | ArcelorMittal (b)  | 3,998,944    |
|   | <b>Multi-Utilities 1.5%</b>                                |              |
| 449,600                                 | Public Service Enterprise Group, Inc. (a)                  | 20,686,096   |
|   | <b>Oil, Gas &amp; Consumable Fuels 9.0%</b>                |              |
| 207,000                                 | Chevron Corp. (a)  | 21,213,360   |
| 220,000                                 | Exxon Mobil Corp. (a)                                      | 19,569,000   |
| 813,700                                 | Royal Dutch Shell PLC, Class A, ADR (a)                    | 42,141,523   |
| 760,400                                 | Sasol Ltd., ADR (a)  | 20,295,076   |
| 424,600                                 | Total SA, ADR (a)  | 20,423,260   |
|   |  | 123,642,219  |
|   | <b>Pharmaceuticals 3.0%</b>                                |              |
| 170,000                                 | Johnson & Johnson (a)                                      | 21,289,100   |
| 526,100                                 | Pfizer, Inc. (a)   | 19,407,829   |
|   |  | 40,696,929   |
|   | <b>Road &amp; Rail 1.5%</b>                                |              |
| 318,700                                 | Ryder System, Inc. (a)                                     | 21,002,330   |
|   | <b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>   |              |
| 400,000                                 | Intel Corp. (a)  | 13,944,000   |
|   | <b>Software 1.2%</b>                                       |              |
| 487,700                                 | CA, Inc. (a)   | 16,898,805   |
|   | <b>Technology Hardware, Storage &amp; Peripherals 1.2%</b> |              |
| 152,200                                 | Apple, Inc.  | 15,860,762   |
| Total Common Stock (cost-\$933,578,557) |  | 972,556,315  |



**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s)        |   | Value       |
|--------------------------------------|---|-------------|
| <b>Convertible Bonds &amp; Notes</b> | <b>17.7%</b>  |             |
|                                      | <b>Air Freight &amp; Logistics 0.3%</b>                             |             |
| \$4,400                              | Atlas Air Worldwide Holdings, Inc., 2.25%, 6/1/22                   | \$4,364,250 |
|                                      | <b>Automobiles 0.8%</b>   |             |
| 65,000                               | Fiat Chrysler, 7.875%, 12/15/16                                     | 4,066,563   |
| 7,500                                | Tesla Motors, Inc., 0.25%, 3/1/19                                   | 6,942,187   |
|                                      |   | 11,008,750  |
|                                      | <b>Biotechnology 0.4%</b>   |             |
| 2,150                                | Cepheid, 1.25%, 2/1/21  | 1,980,688   |
| 2,000                                | Exelixis, Inc., 4.25%, 8/15/19                                      | 3,470,000   |
|                                      |   | 5,450,688   |
|                                      | <b>Capital Markets 0.2%</b>   |             |
| 6,615                                | Walter Investment Management Corp., 4.50%, 11/1/19                  | 2,480,625   |
|                                      | <b>Communications Equipment 0.3%</b>                                |             |
| 2,500                                | Brocade Communications Systems, Inc., 1.375%, 1/1/20                | 2,473,437   |
|                                      | Ciena Corp.,  |             |
| 1,000                                | 0.875%, 6/15/17   | 996,250     |
| 500                                  | 3.75%, 10/15/18 (c)(d)  | 596,250     |
|                                      |   | 4,065,937   |
|                                      | <b>Consumer Finance 0.7%</b>  |             |
| 5,000                                | Encore Capital Group, Inc., 2.875%, 3/15/21                         | 3,506,250   |
| 7,130                                | PRA Group, Inc., 3.00%, 8/1/20                                      | 5,966,919   |
|                                      |   | 9,473,169   |
|                                      | <b>Electronic Equipment, Instruments &amp; Components 0.2%</b>      |             |
| 2,840                                | TTM Technologies, Inc., 1.75%, 12/15/20                             | 3,329,900   |
|                                      | <b>Electrical Equipment 0.3%</b>                                    |             |
| 5,175                                | SolarCity Corp., 1.625%, 11/1/19                                    | 3,835,969   |
|                                      | <b>Energy Equipment &amp; Services 0.1%</b>                         |             |
| 2,000                                | Hornbeck Offshore Services, Inc., 1.50%, 9/1/19                     | 1,181,250   |
|                                      | <b>Health Care Equipment &amp; Supplies 0.5%</b>                    |             |
| 3,750                                | Hologic, Inc., zero coupon, 12/15/43 (e)                            | 4,626,562   |
| 195                                  | Wright Medical Group, Inc., 2.00%, 2/15/20                          | 198,047     |
| 2,000                                | Wright Medical Group NV, 2.25%, 11/15/21 (c)(d)                     | 2,435,000   |
|                                      |   | 7,259,609   |
|                                      | <b>Health Care Technology 0.3%</b>                                  |             |
| 4,250                                | Allscripts Healthcare Solutions, Inc., 1.25%, 7/1/20                | 4,505,000   |
|                                      | <b>Household Durables 0.6%</b>                                      |             |
| 6,500                                | CalAtlantic Group, Inc., 0.25%, 6/1/19                              | 6,130,313   |
| 2,000                                | KB Home, 1.375%, 2/1/19   | 1,940,000   |
|                                      |   | 8,070,313   |
|                                      | <b>Independent Power &amp; Renewable Electricity Producers 0.5%</b> |             |
|                                      | NRG Yield, Inc. (c)(d),   |             |
| 4,300                                | 3.25%, 6/1/20   | 4,171,000   |
| 2,500                                | 3.50%, 2/1/19   | 2,515,625   |
|                                      |   | 6,686,625   |

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**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value       |
|-------------------------------|--|-------------|
|                               | <b>Insurance 0.1%</b>                              |             |
| \$2,530                       | AmTrust Financial Services, Inc., 2.75%, 12/15/44  | \$1,986,050 |
|                               | <b>Internet &amp; Catalog Retail 0.7%</b>          |             |
| 4,000                         | Priceline Group, Inc.,<br>0.35%, 6/15/20           | 4,870,000   |
| 5,000                         | 0.90%, 9/15/21                                     | 5,184,375   |
|                               |  | 10,054,375  |
|                               | <b>Internet Software &amp; Services 3.2%</b>       |             |
| 4,000                         | Akamai Technologies, Inc., zero coupon, 2/15/19    | 3,900,020   |
| 1,500                         | Cornerstone OnDemand, Inc., 1.50%, 7/1/18          | 1,601,250   |
| 5,000                         | Gogo, Inc., 3.75%, 3/1/20                          | 3,265,650   |
| 3,950                         | LinkedIn Corp., 0.50%, 11/1/19                     | 3,930,250   |
| 5,000                         | Pandora Media, Inc., 1.75%, 12/1/20 (c)(d)         | 5,350,000   |
| 3,500                         | Trulia LLC, 2.75%, 12/15/20                        | 5,897,500   |
| 12,530                        | Twitter, Inc., 0.25%, 9/15/19                      | 11,629,406  |
| 5,000                         | Web.com Group, Inc., 1.00%, 8/15/18                | 4,715,625   |
| 3,200                         | WebMD Health Corp., 2.625%, 6/15/23 (c)(d)         | 3,248,000   |
|                               |  | 43,537,701  |
|                               | <b>Iron/Steel 0.1%</b>                             |             |
| 1,000                         | AK Steel Corp., 5.00%, 11/15/19                    | 1,486,250   |
|                               | <b>Life Sciences Tools &amp; Services 0.2%</b>     |             |
| 400                           | Fluidigm Corp., 2.75%, 2/1/34                      | 257,750     |
| 2,500                         | Illumina, Inc., 0.50%, 6/15/21                     | 2,650,000   |
|                               |  | 2,907,750   |
|                               | <b>Machinery 0.5%</b>                              |             |
| 3,020                         | Meritor, Inc., 7.875%, 3/1/26 (e)                  | 3,582,475   |
| 4,500                         | Navistar International Corp., 4.75%, 4/15/19       | 2,854,688   |
|                               |  | 6,437,163   |
|                               | <b>Media 0.3%</b>                                  |             |
| 1,500                         | Liberty Media Corp., 1.375%, 10/15/23              | 1,599,375   |
| 2,000                         | Live Nation Entertainment, Inc., 2.50%, 5/15/19    | 2,133,750   |
|                               |  | 3,733,125   |
|                               | <b>Metals &amp; Mining 0.0%</b>                    |             |
| 345                           | RTI International Metals, Inc., 1.625%, 10/15/19   | 382,519     |
|                               | <b>Oil, Gas &amp; Consumable Fuels 0.4%</b>        |             |
| 5,315                         | Cheniere Energy, Inc., 4.25%, 3/15/45              | 3,212,253   |
| 5,500                         | Cobalt International Energy, Inc., 2.625%, 12/1/19 | 2,485,313   |
| 1,000                         | Energy XXI Ltd., 3.00%, 12/15/18 (f)               | 5,500       |
|                               |  | 5,703,066   |
|                               | <b>Personal Products 0.2%</b>                      |             |
| 2,080                         | Herbalife Ltd., 2.00%, 8/15/19                     | 2,161,910   |
|                               | <b>Pharmaceuticals 0.9%</b>                        |             |
| 3,425                         | Impax Laboratories, Inc., 2.00%, 6/15/22           | 3,161,703   |
| 3,600                         | Jazz Investments I Ltd., 1.875%, 8/15/21           | 3,951,000   |

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value              |
|-------------------------------|--|--------------------|
|                               | <b>Pharmaceuticals (continued)</b>                               |                    |
| \$3,800                       | Teligent, Inc., 3.75%, 12/15/19                                  | \$3,686,000        |
| 885                           | Teva Pharmaceutical Finance Co. LLC, 0.25%, 2/1/26               | 1,178,156          |
|                               |  | 11,976,859         |
|                               | <b>Semiconductors &amp; Semiconductor Equipment 3.4%</b>         |                    |
| 2,000                         | Cypress Semiconductor Corp., 4.50%, 1/15/22 (c)(d)               | 2,236,250          |
| 4,900                         | Inphi Corp., 1.125%, 12/1/20 (c)(d)                              | 5,506,375          |
| 2,500                         | Integrated Device Technology, Inc., 0.875%, 11/15/22 (c)(d)      | 2,531,250          |
| 2,400                         | Lam Research Corp., 1.25%, 5/15/18                               | 3,672,000          |
| 6,150                         | Microchip Technology, Inc., 1.625%, 2/15/25                      | 7,360,781          |
|                               | Micron Technology, Inc.,   |                    |
| 850                           | 2.125%, 2/15/33  | 1,235,156          |
| 7,200                         | 3.00%, 11/15/43  | 5,841,000          |
| 5,000                         | NXP Semiconductors NV, 1.00%, 12/1/19                            | 5,581,250          |
|                               | ON Semiconductor Corp.,  |                    |
| 4,690                         | 1.00%, 12/1/20   | 4,426,188          |
| 2,000                         | 2.625%, 12/15/26   | 2,146,250          |
|                               | SunEdison, Inc. (c)(d)(f),                                       |                    |
| 2,915                         | 2.625%, 6/1/23   | 131,175            |
| 3,820                         | 3.375%, 6/1/25   | 171,900            |
|                               | SunPower Corp.,  |                    |
| 5,000                         | 0.875%, 6/1/21   | 4,062,500          |
| 2,365                         | 4.00%, 1/15/23 (c)(d)  | 2,061,984          |
|                               |  | 46,964,059         |
|                               | <b>Software 1.5%</b>   |                    |
|                               | FireEye, Inc.,   |                    |
| 1,000                         | 1.00%, 6/1/35  | 934,375            |
| 4,500                         | 1.625%, 6/1/35   | 4,131,563          |
| 1,000                         | NetSuite, Inc., 0.25%, 6/1/18                                    | 1,098,750          |
| 1,450                         | Nuance Communications, Inc., 1.00%, 12/15/35 (c)(d)              | 1,309,531          |
| 4,000                         | Red Hat, Inc., 0.25%, 10/1/19                                    | 4,927,500          |
| 450                           | Salesforce.com, Inc, 0.25%, 4/1/18                               | 592,594            |
| 2,500                         | ServiceNow, Inc., zero coupon, 11/1/18                           | 2,960,937          |
| 4,500                         | Verint Systems, Inc., 1.50%, 6/1/21                              | 4,246,875          |
|                               |  | 20,202,125         |
|                               | <b>Specialty Retail 0.4%</b>                                     |                    |
| 5,950                         | Restoration Hardware Holdings, Inc., zero coupon, 7/15/20 (c)(d) | 4,771,156          |
|                               | <b>Technology Hardware, Storage &amp; Peripherals 0.2%</b>       |                    |
| 2,845                         | Electronics For Imaging, Inc., 0.75%, 9/1/19                     | 3,063,709          |
|                               | <b>Textiles, Apparel &amp; Luxury Goods 0.4%</b>                 |                    |
| 5,720                         | Iconix Brand Group, Inc., 1.50%, 3/15/18                         | 4,919,200          |
|                               | <b>Total Convertible Bonds &amp; Notes (cost-\$268,852,319)</b>  | <b>241,999,102</b> |

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Shares                             |   | Value       |
|------------------------------------|---|-------------|
| <b>Convertible Preferred Stock</b> | <b>9.6%</b>   |             |
|                                    | <b>Banks 0.6%</b>   |             |
| 3,525                              | Huntington Bancshares, Inc., 8.50% (g)                              | \$5,076,000 |
| 2,580                              | Wells Fargo & Co., Ser. L, 7.50% (g)                                | 3,434,651   |
|                                    |   | 8,510,651   |
|                                    | <b>Commercial Services &amp; Supplies 0.2%</b>                      |             |
| 30,390                             | Stericycle, Inc., 5.25%, 9/15/18                                    | 2,266,790   |
|                                    | <b>Diversified Financial Services 0.7%</b>                          |             |
| 7,465                              | Bank of America Corp., Ser. L, 7.25% (g)                            | 9,002,790   |
|                                    | <b>Diversified Telecommunications Services 0.8%</b>                 |             |
| 110,050                            | Frontier Communications Corp., Ser. A, 11.125%, 6/29/18             | 10,881,744  |
|                                    | <b>Financial Services 0.5%</b>                                      |             |
| 60,000                             | Mandatory Exchangeable Trust, 5.75%, 6/1/19 (c)(d)                  | 6,347,100   |
|                                    | <b>Food Products 1.0%</b>   |             |
| 78,830                             | Bunge Ltd., 4.875% (g)  | 7,868,219   |
| 15,500                             | Post Holdings, Inc., 2.50% (g)                                      | 2,539,094   |
| 46,045                             | Tyson Foods, Inc., 4.75%, 7/15/17                                   | 3,707,083   |
|                                    |   | 14,114,396  |
|                                    | <b>Health Care Providers &amp; Services 0.4%</b>                    |             |
| 125,775                            | Anthem, Inc., 5.25%, 5/1/18   | 5,593,214   |
|                                    | <b>Independent Power &amp; Renewable Electricity Producers 0.2%</b> |             |
| 57,635                             | Dynegy, Inc., 5.375%, 11/1/17                                       | 3,256,378   |
|                                    | <b>Metals &amp; Mining 0.2%</b>                                     |             |
| 86,935                             | Alcoa, Inc., 5.375%, 10/1/17  | 3,147,047   |
|                                    | <b>Multi-Utilities 1.2%</b>   |             |
| 204,100                            | AES Trust III, 6.75%, 10/15/29                                      | 10,484,617  |
| 121,500                            | Dominion Resources, Inc., 6.375%, 7/1/17                            | 6,335,010   |
|                                    |   | 16,819,627  |
|                                    | <b>Oil, Gas &amp; Consumable Fuels 1.6%</b>                         |             |
| 45,100                             | ATP Oil & Gas Corp., 8.00% (b)(c)(d)(f)(g)                          | 5           |
| 99,950                             | Chesapeake Energy Corp., 5.00% (g)                                  | 2,973,512   |
| 16,265                             | Energy XXI Ltd., 5.625% (g)   | 10,572      |
| 56,750                             | Kinder Morgan, Inc., 9.75%, 10/26/18                                | 2,769,400   |
| 224,530                            | Sanchez Energy Corp., 6.50% (g)                                     | 4,786,980   |
| 154,980                            | Southwestern Energy Co., Ser. B, 6.25%, 1/15/18                     | 5,168,583   |
| 116,625                            | WPX Energy, Inc., 6.25%, 7/31/18                                    | 5,851,076   |
|                                    |   | 21,560,128  |
|                                    | <b>Pharmaceuticals 1.0%</b>   |             |
| 8,900                              | Allergan PLC, Ser. A, 5.50%, 3/1/18                                 | 7,977,426   |
| 6,225                              | Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18                | 5,520,019   |
|                                    |   | 13,497,445  |
|                                    | <b>Real Estate Investment Trust 0.8%</b>                            |             |
| 27,000                             | American Tower Corp.,<br>5.25%, 5/15/17                             | 3,041,010   |

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Shares   |   | Value         |
|--|---|---------------|
|  | <b>Real Estate Investment Trust (continued)</b>   |               |
| 10,000   | 5.50%, 2/15/18  | \$1,106,500   |
| 85,385   | Welltower, Inc., 6.50% (g)  | 5,998,296     |
|  |   | 10,145,806    |
|  | <b>Wireless Telecommunication Services 0.4%</b>   |               |
| 75,000   | T-Mobile US, Inc., 5.50%, 12/15/17  | 5,855,250     |
| Total Convertible Preferred Stock (cost-\$150,393,580) |   | 130,998,366   |
|  | <b>Warrant (b)(h) 0.0%</b>  |               |
| 97,838   | Cenveo, Inc., expires 6/10/24 (cost-\$0)  | 41,957        |
|  | <b>Short-Term Investments 2.9%</b>  |               |
| \$7,451  | <b>Time Deposits 2.9%</b>   |               |
| 16,912   | Citibank-London, 0.15%, 8/1/16  | 7,451,209     |
| 15,301   | Citibank-Puerto Rico, 0.15%, 8/1/16   | 16,911,680    |
| Total Short Term Investments (cost-\$39,663,430)       |   | 15,300,541    |
| <b>Total Investments, before call options written</b>  |   | 39,663,430    |
| (cost-\$1,392,487,886) <b>101.2%</b>                   |   | 1,385,259,170 |
|  | <b>Call Options Written (b) (1.2)%</b>  |               |
| 3,000  | Consumer Discretionary Select Sector SPDR Index, strike price \$80, expires 8/5/16, (ASE)   | (544,500)     |
| 3,000  | strike price \$80, expires 8/12/16, (CBOE)  | (592,500)     |
| 4,000  | strike price \$81.50, expires 8/12/16, (CBOE)   | (334,000)     |
| 3,000  | strike price \$82.50, expires 8/26/16, (CBOE)   | (198,000)     |
| 4,500  | KBW Bank Index, (CBOE), strike price \$67.50, expires 8/19/16                               | (1,125,000)   |
| 30   | NASDAQ 100 Index, (CBOE), strike price \$4500, expires 8/5/16                               | (703,350)     |
| 35   | strike price \$4500, expires 8/12/16  | (830,375)     |
| 35   | strike price \$4525, expires 8/19/16  | (752,325)     |
| 35   | strike price \$4675, expires 8/26/16  | (333,900)     |
| 1,200  | Philadelphia Oil Services Sector Index, (CBOE), strike price \$172, expires 9/2/16          | (128,733)     |
| 800  | strike price \$175, expires 9/2/16  | (44,759)      |
| 900  | strike price \$180, expires 8/19/16   | (432,000)     |
| 1,000  | strike price \$182, expires 8/5/16  | (516)         |
| 3,000  | Philadelphia Stock Exchange KBW Bank Flex Index, (CBOE), strike price \$66, expires 8/12/16 | (842,642)     |

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

| Contracts  |                                      | Value                  |
|--|--------------------------------------|------------------------|
| 3,000  | strike price \$67, expires 8/5/16    | \$(520,214)            |
| 1,500  | strike price \$67, expires 8/12/16   | (319,809)              |
| 1,500  | strike price \$68, expires 8/5/16    | (169,785)              |
| 3,000  | strike price \$70, expires 8/26/16   | (377,816)              |
| 5,000  | strike price \$70.50, expires 9/2/16 | (646,661)              |
|  | Standard & Poor's 500 Index, (CBOE), |                        |
| 150  | strike price \$2100, expires 8/5/16  | (1,123,500)            |
| 75   | strike price \$2110, expires 8/5/16  | (494,625)              |
| 100  | strike price \$2115, expires 8/19/16 | (636,500)              |
| 100  | strike price \$2120, expires 8/5/16  | (562,500)              |
| 150  | strike price \$2120, expires 8/12/16 | (864,750)              |
| 100  | strike price \$2120, expires 8/26/16 | (625,500)              |
| 100  | strike price \$2125, expires 8/5/16  | (514,500)              |
| 100  | strike price \$2125, expires 8/12/16 | (530,500)              |
| 100  | strike price \$2140, expires 8/19/16 | (423,500)              |
| 100  | strike price \$2140, expires 8/26/16 | (461,500)              |
| 100  | strike price \$2170, expires 8/19/16 | (206,000)              |
| 100  | strike price \$2175, expires 9/2/16  | (248,500)              |
| 100  | strike price \$2180, expires 8/26/16 | (185,500)              |
| 100  | strike price \$2180, expires 9/2/16  | (220,000)              |
| 100  | strike price \$2180, expires 9/9/16  | (248,500)              |
| 100  | strike price \$2185, expires 9/2/16  | (191,000)              |
| Total Call Options Written (premiums received-\$7,250,204) |                                      | (16,433,760)           |
| <b>Total Investments, net of call options written</b>      |                                      |                        |
| (cost-\$1,385,237,682) <b>100.0%</b>                       |                                      | 1,368,825,410          |
| Other assets less other liabilities 0.0%                   |                                      | 498,934                |
| <b>Net Assets 100.0%</b>                                   |                                      | <b>\$1,369,324,344</b> |

**Notes to Schedule of Investments:**

- (a) All or partial amount segregated for the benefit of the counterparty as collateral for call options written.
- (b) Non-income producing.
- (c) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$43,382,601, representing 3.2% of net assets.
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (e) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (f) In default

- (g) Perpetual maturity. The date shown, if any, is the next call date.
- (h) Fair-Valued Security with a value of \$41,957, representing less than 0.05% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.



**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

(i) Transactions in call options written for the six months ended July 31, 2016:

|  | Contracts | Premiums     |
|--|-----------|--------------|
| Options outstanding, January 31, 2016      | 36,590    | \$7,877,431  |
| Options written                            | 141,670   | 31,336,229   |
| Options terminated in closing transactions | (38,660)  | (15,042,511) |
| Options expired                            | (90,390)  | (16,299,959) |
| Options exercised                          | (9,000)   | (620,986)    |
| Options outstanding, July 31, 2016         | 40,210    | \$7,250,204  |

(j) Fair Value Measurements See Note 1(b) in Notes to Financial Statements.

|  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>7/31/16 |
|--|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b>      |                          |  |  |                     |
| Common Stock                                 | \$972,556,315            | \$   | \$   | \$972,556,315       |
| Convertible Bonds & Notes                    |                          | 241,999,102  |  | 241,999,102         |
| Convertible Preferred Stock:                 |                          |  |  |                     |
| Financial Services                           |                          | 6,347,100  |  | 6,347,100           |
| Food Products                                | 3,707,083                | 10,407,313   |  | 14,114,396          |
| Oil, Gas & Consumable Fuels                  | 13,789,059               | 7,771,069  |  | 21,560,128          |
| Pharmaceuticals                              | 7,977,426                | 5,520,019  |  | 13,497,445          |
| All Other                                    | 75,479,297               |  |  | 75,479,297          |
| Warrant                                      |                          |  | 41,957   | 41,957              |
| Short-Term Investments                       |                          | 39,663,430   |  | 39,663,430          |
|  | 1,073,509,180            | 311,708,033  | 41,957   | 1,385,259,170       |
| <b>Investments in Securities Liabilities</b> |                          |  |  |                     |
| Call Options Written, at value:              |                          |  |  |                     |
| Market price                                 | (13,382,825)             | (3,050,935)  |  | (16,433,760)        |
| <b>Totals</b>                                | \$1,060,126,355          | \$308,657,098  | \$41,957   | \$1,368,825,410     |

At July 31, 2016, the Fund had no transfers between levels.

**Schedule of Investments**

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the six months ended July 31, 2016, was as follows:

|                                  | Beginning<br>Balance<br>1/31/16 | Purchases | Sales | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net<br>Change in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3 | Ending<br>Balance<br>7/31/16 |
|----------------------------------|---------------------------------|-----------|-------|------------------------------------|-----------------------------------|---|------------------------------|--------------------------------|------------------------------|
| <b>Investments in Securities</b> | <b>Assets</b>                   |           |       |                                    |                                   |   |                              |                                |                              |
| Warrant                          | \$                              | \$ *      | \$    | \$                                 | \$                                | \$41,957  | \$                           | \$                             | \$41,957                     |

\* Less than \$1

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at July 31, 2016:

| <b>Investments in Securities</b> | <b>Assets</b> | Ending Balance<br>at 7/31/16 | Valuation<br>Technique Used                               | Unobservable<br>Inputs | Input<br>Values |
|----------------------------------|---------------|------------------------------|---|------------------------|-----------------|
| Warrant                          |               | \$41,957                     | Fundamental Analytical Data<br>Relating to the Investment | Price of Warrant       | \$0.42884       |

The net change in unrealized appreciation/depreciation of Level 3 investments held at July 31, 2016, was \$41,957. Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

(k) The following is a summary of the fair valuation of the Fund's derivative instruments categorized by risk exposure:

The effect of derivatives on the Fund's Statements of Assets and Liabilities at July 31, 2016:

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| Location                       | Market Price   |
|--------------------------------|----------------|
| <b>Liability derivatives:</b>  |                |
| Call options written, at value | \$(16,433,760) |

The effect of derivatives on the Fund's Statements of Operations for the six months ended July 31, 2016:

| Location  | Market Price  |
|---|---------------|
| <b>Net realized gain on:</b>                                  |               |
| Call options written  | \$(2,812,378) |
| <b>Net change in unrealized appreciation/depreciation of:</b> |               |
| Call options written  | \$(7,115,732) |

The average volume (based on the open positions at each fiscal quarter-end) of derivative activity during the six months ended July 31, 2016 was 39,537 call options written contracts.

### Glossary:

- ADR - American Depositary Receipt
- ASE - American Stock Exchange
- CBOE - Chicago Board Options Exchange
- SPDR - Standard & Poor's Depository Receipt

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**Statements of Assets & Liabilities**

AllianzGI Diversified Income &amp; Convertible Fund

AllianzGI Equity &amp; Convertible Income Fund

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

July 31, 2016 (unaudited)

|   | Diversified<br>Income &<br>Convertible | Equity &<br>Convertible<br>Income | Dividend,<br>Interest &<br>Premium<br>Strategy |
|---|--|-----------------------------------|--|
| <b>Assets:</b>  |  |                                   |  |
| Investments, at value (cost-\$355,713,689, \$680,487,533 and \$1,392,487,886, respectively)           | \$323,645,620                          | \$596,720,183                     | \$1,385,259,170                                |
| Receivable for investments sold   | 18,947,011                             | 11,814,953                        | 3,746,856                                      |
| Interest and dividends receivable   | 2,135,712                              | 1,286,158                         | 3,568,050                                      |
| Prepaid expenses and other assets   | 27,036                                 | 14,714                            | 47,327   |
| Investments in Affiliated Funds- Trustees Deferred Compensation Plan (see Note 4)                     | 6,426                                  | 17,905                            | 43,738   |
| <b>Total Assets</b>   | <b>344,761,805</b>                     | <b>609,853,913</b>                | <b>1,392,665,141</b>                           |
| <b>Liabilities:</b>   |  |                                   |  |
| Loan payable  | 75,000,000                             |                                   |  |
| Payable for investments purchased   | 18,623,794                             | 13,090,362                        | 5,569,646                                      |
| Dividends payable to common and mandatory redeemable preferred shareholders                           | 1,822,642                              |                                   |  |
| Loan interest payable   | 815,361                                |                                   |  |
| Investment management fees payable  | 269,472                                | 495,026                           | 1,038,171                                      |
| Accrued expenses  | 132,414                                | 151,603                           | 255,482  |
| Call options written, at value (premiums received- \$82,843, \$426,975 and \$7,250,204, respectively) | 90,745                                 | 575,058                           | 16,433,760                                     |
| Trustees Deferred Compensation Plan payable (see Note 4)  | 6,426                                  | 17,905                            | 43,738   |
| Mandatory redeemable preferred shares (see Note 7)  | 30,000,000                             |                                   |  |
| <b>Total Liabilities</b>  | <b>126,760,854</b>                     | <b>14,329,954</b>                 | <b>23,340,797</b>                              |
| <b>Net Assets Applicable to Common Shareholders</b>   | <b>\$218,000,951</b>                   | <b>\$595,523,959</b>              | <b>\$1,369,324,344</b>                         |
| <b>Composition of Net Assets Applicable to Common Shareholders:</b>                                   |  |                                   |  |
| Common Stock:   |  |                                   |  |
| Par value (\$0.00001 per share)   | \$103                                  | \$277                             | \$948  |
| Paid-in-capital in excess of par  | 250,793,548                            | 671,869,784                       | 1,643,604,577                                  |
| Undistributed (dividends in excess of) net investment income  | (10,875,639)                           | 6,148,812                         | (45,065,132)                                   |
| Accumulated net realized gain (loss)  | 10,158,910                             | 1,427,078                         | (212,803,777)                                  |
| Net unrealized depreciation   | (32,075,971)                           | (83,921,992)                      | (16,412,272)                                   |
| <b>Net Assets Applicable to Common Shareholders</b>   | <b>\$218,000,951</b>                   | <b>\$595,523,959</b>              | <b>\$1,369,324,344</b>                         |
| Common Shares Issued and Outstanding  | 10,274,970                             | 27,708,965                        | 94,801,581                                     |
| <b>Net Asset Value Per Common Share</b>   | <b>\$21.22</b>                         | <b>\$21.49</b>                    | <b>\$14.44</b>                                 |

See accompanying Notes to Financial Statements | July 31, 2016 | Semi-Annual Report 47

**Statements of Operations**

AllianzGI Diversified Income & Convertible Fund  
 AllianzGI Equity & Convertible Income Fund  
 AllianzGI NFJ Dividend, Interest & Premium Strategy Fund  
 Six Months ended July 31, 2016 (unaudited)

|   | Diversified<br>Income &<br>Convertible | Equity &<br>Convertible<br>Income | Dividend,<br>Interest &<br>Premium<br>Strategy |
|---|--|-----------------------------------|--|
| <b>Investment Income:</b>   |  |                                   |  |
| Interest  | \$3,774,238                            | \$1,391,787                       | \$3,084,541                                    |
| Dividends (net of foreign withholding taxes of \$14,371,\$17,217 and \$542,271, respectively) | 1,775,203                              | 7,299,386                         | 20,073,641                                     |
| Total Investment Income   | 5,549,441                              | 8,691,173                         | 23,158,182                                     |
| <b>Expenses:</b>  |  |                                   |  |
| Investment management   | 1,542,174                              | 2,829,209                         | 5,980,425                                      |
| Loan Interest   | 1,186,706                              |                                   |  |
| Dividend  | 652,839                                |                                   | 288,942  |
| Custodian and accounting agent  | 74,584                                 | 64,680                            | 156,117  |
| Legal   | 40,468                                 | 25,298                            | 45,110   |
| Audit and tax services  | 38,760                                 | 38,710                            | 47,255   |
| Shareholder communications  | 20,060                                 | 36,036                            | 84,630   |
| Transfer agent  | 12,786                                 | 12,376                            | 12,376   |
| New York Stock Exchange listing   | 12,103                                 | 13,750                            | 47,045   |
| Trustees  | 8,082                                  | 15,638                            | 37,310   |
| Insurance   | 4,481                                  | 6,136                             | 12,852   |
| Miscellaneous   | 22,250                                 | 6,191                             | 42,330   |
| Total Expenses  | 3,615,293                              | 3,048,024                         | 6,754,392                                      |
| <b>Net Investment Income</b>  | <b>1,934,148</b>                       | <b>5,643,149</b>                  | <b>16,403,790</b>                              |
| <b>Realized and Change in Unrealized Gain (Loss):</b>   |  |                                   |  |
| Net realized gain (loss) on:  |  |                                   |  |
| Investments   | 9,395,397                              | 17,831,403                        | (4,055,017)                                    |
| Call options written  | (79,560)                               | 11,136                            | (2,812,378)                                    |
| Foreign currency transactions   |  | (38)                              |  |
| Net change in unrealized appreciation/depreciation of:  |  |                                   |  |
| Investments   | 22,051,574                             | 42,025,469                        | 135,465,884                                    |
| Call options written  | (35,202)                               | (306,344)                         | (7,115,732)                                    |
| Foreign currency transactions   |  | 454                               |  |
| Net realized and change in unrealized gain  | 31,332,209                             | 59,562,080                        | 121,482,757                                    |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>                        | <b>\$33,266,357</b>                    | <b>\$65,205,229</b>               | <b>\$137,886,547</b>                           |

**Statement of Changes in Net Assets Applicable to Common Shareholders**

AllianzGI Diversified Income & Convertible Fund

|  | Six Months<br>ended<br>July 31, 2016<br>(unaudited) | Period from<br>May 27, 2015*<br>through<br>January 31, 2016 |
|--|---|---|
| <b>Investment Operations:</b>  |   |   |
| Net investment income  | \$1,934,148   | \$2,045,765   |
| Net realized gain  | 9,315,837   | 8,921,255   |
| Net change in unrealized appreciation/depreciation                         | 22,016,372  | (54,092,343)  |
| Net increase (decrease) in net assets resulting from investment operations | 33,266,357  | (43,125,323)  |
| <b>Dividends and Distributions to Common Shareholders from:</b>            |   |   |
| Net investment income  | (10,400,314)  | (6,840,347)   |
| Net realized gains   |   | (6,128,074)   |
| Total dividends and distributions to common shareholders                   | (10,400,314)  | (12,968,421)  |
| <b>Common Share Transactions:</b>  |   |   |
| Net proceeds from the sale of common stock                                 |   | 269,548,750   |
| Cost of shares repurchased   | (6,509,184)   | (11,346,426)  |
| Offering costs charged to paid-in capital in excess of par (See Note 1)    |   | (564,500)   |
| Net increase (decrease) from common share transactions                     | (6,509,184)   | 257,637,824   |
| Total increase in net assets   | 16,356,859  | 201,544,080   |
| <b>Net Assets:</b>   |   |   |
| Beginning of period  | 201,644,092   | 100,012   |
| End of period**  | \$218,000,951                                       | \$201,644,092   |
| ** Including dividends in excess of net investment income of:              | \$(10,875,639)                                      | \$(2,409,473)   |
| <b>Shares Activity:</b>  |   |   |
| Shares outstanding, beginning of period                                    | 10,661,039  | 4,189   |
| Shares issued  |   | 11,290,000  |
| Shares repurchased   | (386,069)   | (633,150)   |
| Shares outstanding, end of period  | 10,274,970  | 10,661,039  |

\* Commencement of operations.

**Statements of Changes in Net Assets**

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

**Equity & Convertible Income:**

|  | Six Months<br>ended<br>July 31, 2016<br>(unaudited) | Year ended<br>January 31, 2016 |
|--|---|--------------------------------|
| <b>Investment Operations:</b>  |   |                                |
| Net investment income  | \$5,643,149   | \$13,055,078                   |
| Net realized gain  | 17,842,501  | 26,229,402                     |
| Net change in unrealized appreciation/depreciation                         | 41,719,579  | (58,922,770)                   |
| Net increase (decrease) in net assets resulting from investment operations | 65,205,229  | (19,638,290)                   |
| <b>Dividends and Distributions to Shareholders from:</b>                   |   |                                |
| Net investment income  |   | (11,312,659)                   |
| Net realized gains   | (21,058,813)  | (30,804,968)                   |
| Total dividends and distributions to shareholders                          | (21,058,813)  | (42,117,627)                   |
| Total increase (decrease) in net assets                                    | 44,146,416  | (61,755,917)                   |
| <b>Net Assets:</b>   |   |                                |
| Beginning of period  | 551,377,543   | 613,133,460                    |
| End of period*   | \$595,523,959                                       | \$551,377,543                  |
| * Including undistributed net investment income of:                        | \$6,148,812   | \$505,663                      |

**Dividend, Interest & Premium Strategy:**

|  | Six Months<br>ended<br>July 31, 2016<br>(unaudited) | Year ended<br>January 31, 2016 |
|--|---|--------------------------------|
| <b>Investment Operations:</b>  |   |                                |
| Net investment income  | \$16,403,790  | \$36,371,162                   |
| Net realized loss  | (6,867,395)   | (1,509,091)                    |
| Net change in unrealized appreciation/depreciation                         | 128,350,152   | (196,838,824)                  |
| Net increase (decrease) in net assets resulting from investment operations | 137,886,547   | (161,976,753)                  |
| <b>Dividends and Distributions to Shareholders from:</b>                   |   |                                |
| Net investment income  | (56,880,949)  | (37,129,377)                   |
| Return of capital  |   | (119,293,232)                  |
| Total dividends and distributions to shareholders                          | (56,880,949)  | (156,422,609)                  |
| Total increase (decrease) in net assets                                    | 81,005,598  | (318,399,362)                  |

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**Net Assets:**

|  |                 |                 |
|--|-----------------|-----------------|
| Beginning of period  | 1,288,318,746   | 1,606,718,108   |
| End of period*   | \$1,369,324,344 | \$1,288,318,746 |
| * Including dividends in excess of net investment income of: | \$(45,065,132)  | \$(4,587,973)   |

50 Semi-Annual Report | July 31, 2016 | See accompanying Notes to Financial Statements



**Statement of Cash Flows\***

AllianzGI Diversified Income & Convertible Fund

For the Six Months ended July 31, 2016

**Increase in Cash from:**

**Cash Flows provided by Operating Activities:**

Net increase in net assets resulting from investment operations \$33,266,357

**Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment Operations to Net Cash provided by Operating Activities:**

|   |                   |
|---|-------------------|
| Purchases of long-term investments  | (343,404,145)     |
| Proceeds from sales of long-term investments                                    | 360,508,290       |
| (Purchases) sales of short-term investments, net                                | (2,212,356)       |
| Net change in unrealized appreciation/depreciation                              | (22,016,372)      |
| Net amortization/accretion on investments                                       | (24,345)          |
| Net realized gain   | (9,315,837)       |
| Proceeds from sale of written options   | 383,589           |
| Payments to cover written options   | (483,116)         |
| Increase in payable for investments purchased                                   | 17,231,992        |
| Increase in investments in Affiliated Funds Trustees Deferred Compensation Plan | (3,117)           |
| Increase in Trustees Deferred Compensation Plan payable                         | 3,117             |
| Increase in receivable for investments sold                                     | (16,757,124)      |
| Decrease in interest and dividends receivable                                   | 53,264            |
| Increase in prepaid expenses and other assets                                   | (1,189)           |
| Decrease in accrued expenses  | (45,739)          |
| Increase in investment management fees payable                                  | 3,993             |
| Increase in loan interest payable   | 164,167           |
| <b>Net cash provided by operating activities</b>                                | <b>17,351,429</b> |

**Cash Flows provided by Financing Activities:**

|  |                     |
|--|---------------------|
| Shares repurchased                               | (6,874,642)         |
| Cash dividends paid                              | (10,476,787)        |
| <b>Net cash provided by financing activities</b> | <b>(17,351,429)</b> |
| <b>Net increase in cash</b>                      |                     |

**Cash:**

|                     |    |
|---------------------|----|
| Beginning of period |    |
| End of period       | \$ |

**Noncash Investing and Financing Activities:**

|   |              |
|---|--------------|
| Noncash investing transactions Conversions of convertible preferred stock | \$28,883,689 |
|---|--------------|

|                               |                    |
|-------------------------------|--------------------|
| <b>Cash Paid for Interest</b> | <b>\$1,022,539</b> |
|-------------------------------|--------------------|

\* A Statement of Cash Flows is not required for Equity & Convertible Income and Dividend, Interest & Premium Strategy.

**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

## 1. Organization and Significant Accounting Policies

AllianzGI Diversified Income & Convertible Fund ( Diversified Income & Convertible ), AllianzGI Equity & Convertible Income Fund ( Equity & Convertible Income ) and AllianzGI NFJ Dividend, Interest & Premium Strategy Fund ( Dividend, Interest & Premium Strategy ) (each, a Fund and, collectively, the Funds ) were organized as Massachusetts business trusts on March 10, 2015, December 12, 2006 and August 20, 2003, respectively. The Funds follow the investment company accounting and reporting guidance of the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification topic 946 Financial Services Investment Companies. Prior to commencing operations on May 27, 2015, February 27, 2007, and February 28, 2005, respectively, the Funds had no operations other than matters relating to their organization and registration as diversified, closed-end management investment companies registered under the Investment Company Act of 1940, as amended (the 1940 Act ), and the rules and regulations thereunder and the sale and issuance of 4,189 shares at an aggregate price of \$100,012 for Diversified Income & Convertible to Allianz Asset Management of America L.P. ( AAM ). Allianz Global Investors Fund Management LLC (the Investment Manager ) serves as the Funds investment manager and Allianz Global Investors U.S. LLC ( AllianzGI U.S. ) and NFJ Investment Group LLC ( NFJ ), each an affiliate of the Investment Manager (each a Sub-Adviser and collectively the Sub-Advisers ), serve as the Funds sub-advisers. The Investment Manager,

AllianzGI U.S. and NFJ are indirect, wholly-owned subsidiaries of AAM. AAM is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has authorized an unlimited amount of common shares with \$0.00001 par value.

Diversified Income & Convertible s investment objective is to provide total return through a combination of current income and capital appreciation, while seeking to provide downside protection against capital loss. Under normal market conditions, the Fund will seek to achieve its investment objective by investing in a combination of convertible securities, debt and other income-producing instruments and common stocks and other equity securities. The Fund expects to employ a strategy of writing (selling) covered call options on the stocks held in the equity portion of the portfolio.

Equity & Convertible Income s investment objective is to seek total return comprised of capital appreciation, current income and gains. Under normal market conditions the Fund pursues its objective by investing in a diversified portfolio of equity securities and income-producing convertible securities. The Fund will also employ a strategy of writing (selling) call options on the equity securities held by the Fund as well as on equity indexes.

Dividend, Interest & Premium Strategy s primary investment objective is to seek current income and gains, with a secondary objective of long-term capital appreciation. Under normal market conditions the Fund pursues its investment objectives by investing in a diversified portfolio of dividend-paying



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

common stocks and income-producing convertible securities. The Fund will also employ a strategy of writing (selling) call options on equity indexes in an attempt to generate gains from option premiums.

Diversified Income & Convertible issued 11,200,000 shares of common stock in its initial public offering. An additional 90,000 shares were issued in connection with the exercise of the underwriters' over-allotment option. These shares were all issued at \$25.00 per share. A sales load of \$1.125 per share was deducted from gross offering proceeds. Offering costs of \$564,500 (representing \$0.05 per share) were also deducted from gross proceeds of the offering and have been charged to paid-in capital in excess of par. The Investment Manager paid all offering costs associated with the initial public offering (other than the sales load) exceeding \$0.05 per share, which came to approximately \$890,000. In addition, the underwriters' commission and offering costs have been charged to paid-in-capital in excess of par.

There can be no assurance that the Funds will meet their stated objectives.

The preparation of the Funds' financial statements in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) requires the Funds' management to make estimates and assumptions that affect the reported amounts and disclosures in each Fund's financial statements. Actual results could differ from those estimates.

In the normal course of business, the Funds enter into contracts that contain a variety of representations that provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

The following is a summary of significant accounting policies consistently followed by the Funds:

**(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of official closing prices, last reported sales prices, or if no sales or closing prices are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services. The Funds' investments are valued daily using prices supplied by an independent pricing service or broker/dealer quotations, or by using the last sale or settlement price on the exchange that is the primary market for such securities, or the mean between the last bid and ask quotations. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics.

The Board of Trustees (the Board ) has adopted procedures for valuing portfolio securities and other financial instruments in circumstances where market quotations are not readily available (including in cases where



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)



**1. Organization and Significant Accounting Policies (continued)**

available market quotations are deemed to be unreliable), and has delegated primary responsibility for applying the valuation methods to the Investment Manager and the Sub-Advisers. The Funds' Valuation Committee was established by the Board to oversee the implementation of the Funds' valuation methods and to make fair value determinations on behalf of the Board, as instructed by the Board. Each Sub-Adviser monitors the continued appropriateness of methods applied and identifies to the Investment Manager circumstances and events that may require fair valuation. The Investment Manager, in turn, determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Investment Manager (in consultation with the Sub-Advisers) determines that a valuation method may no longer be appropriate, another valuation method may be selected or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review and ratify the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

Synthetic convertible securities are valued based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based

on readily available market information including valuation of the common stock underlying the synthetic security.

Short-term debt instruments maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing premiums or discounts based on their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Funds to value investments may differ from the value that would be realized if the investments were sold, and these differences could be material to the Funds' financial statements. Each Fund's net asset value (NAV) is normally determined at the close of regular trading (normally, 4:00 p.m. Eastern Time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business.

**(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

n Level 1 quoted prices in active markets for identical investments that the Funds have the ability to access

n Level 2 valuations based on other significant observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

n Level 3 valuations based on significant unobservable inputs (including the Sub-Advisers or Valuation Committee's own assumptions and securities whose price was determined by using a single broker's quote)

The valuation techniques used by the Funds to measure fair value during the six months ended July 31, 2016 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

The Funds' policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used. Assets categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with U.S. GAAP.

**Equity Securities (Common and Preferred Stock)** Equity securities traded in inactive markets are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**Convertible Bonds & Notes** Convertible bonds & notes are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of convertible bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**Corporate Bonds & Notes** Corporate bonds & notes are generally comprised of two main categories: investment grade bonds and



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**Senior Loans** Senior Loans generally are valued by independent pricing services based on the average of quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. These quoted prices are based on interest rates, yield curves, option adjusted spreads, credit spreads and/or other criteria. To the extent that these inputs are observable, the values of Senior Loans are

categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Option Contracts** Option contracts traded over-the-counter ( OTC ) and FLExible EXchange ( FLEX ) options are valued by independent pricing services based on pricing models that incorporate various inputs such as interest rates, credit spreads, currency exchange rates and volatility measurements for in-the-money, at-the-money, and out-of-the-money contracts based on a given strike price. To the extent that these inputs are observable, the values of OTC and FLEX option contracts are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income adjusted for the accretion of discount and amortization of premium is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income. Conversion premium is not amortized. Dividend income is recorded on the ex-dividend date, except for certain dividends from foreign securities where the ex-dividend date may have passed, and then are recorded as soon after the ex-dividend date as the Fund, using reasonable diligence, becomes aware of such dividends. Payments received on synthetic convertible securities are generally included in dividends.





**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

Facility fees and other fees (such as origination fees) received on settlement date are amortized as income over the expected term of the senior loan. Consent fees relating to corporate actions and facility fees and other fees received after settlement date relating to senior loans and commitment fees received relating to unfunded purchase commitments are recorded as miscellaneous income upon receipt. Payments received from certain investments may be comprised of dividends, realized gains and return of capital. These payments may initially be recorded as dividend income and may subsequently be reclassified as realized gains and/or return of capital upon receipt of information from the issuer. Payments considered return of capital reduce the cost basis of the respective security. Expenses are recorded on an accrual basis.

**(d) Federal Income Taxes**

The Funds intend to distribute all of their taxable income and to comply with the other requirements of Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. The Funds may be subject to excise tax based on distributions to shareholders.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity

is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. In accordance with provisions set forth under U.S. GAAP, the Investment Manager has reviewed the Funds' tax positions for all open tax years. As of July 31, 2016, the Funds have recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions they have taken. The Funds' federal tax returns for the prior three years, as applicable, remain subject to examination by the Internal Revenue Service.

**(e) Dividends and Distributions to Shareholders**

Diversified Income & Convertible declares dividends and distributions on a monthly basis. Equity & Convertible Income and Dividend, Interest & Premium Strategy declare dividends and distributions on a quarterly basis. These dividends and distributions may be comprised in varying proportions of net investment income, gains from option premiums and the sale of portfolio securities and return of capital. The Funds record dividends and distributions on the ex-dividend date. The amount of dividends from net investment income and distributions from net realized capital gains or return of capital is determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment. Temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to shareholders from return of capital. At July 31, 2016, it is anticipated that Dividend, Interest & Premium Strategy will have a return of capital at fiscal year-end.

**(f) Convertible Securities**

It is the Funds' policy to invest a portion of their assets in convertible securities. Although convertible securities derive part of their value from that of the securities into which they are convertible, they are not considered derivative financial instruments. However, certain of the Funds' investments in convertible securities include features which render them sensitive to price changes in their underlying securities. The value of structured/synthetic convertible securities can be affected by interest rate changes and credit risks of the issuer. Such securities may be structured in ways that limit their potential for capital appreciation and the entire value of the security may be at risk of loss depending on the performance of the underlying equity security. Consequently, the Funds are exposed to greater downside risk than traditional convertible securities, but typically still less than that of the underlying stock.

**(g) Senior Loans**

The Funds may purchase assignments of, and participations in, Senior Loans originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution for a lending syndicate of financial institutions (the

Lender ). When purchasing an assignment, the Funds succeed to all the rights and obligations under the loan agreement with the same rights and obligations as the assigning Lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning Lender. The Funds may also enter into lending arrangements involving unfunded loan commitments, which are contractual obligations for future funding. Unfunded loan commitments may include revolving credit facilities, which may obligate the Funds to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the principal amounts will never be utilized by the borrower.

The Funds may purchase the securities of distressed companies, including companies engaged in restructurings or bankruptcy proceedings. Investments in distressed companies may include senior obligations of an issuer issued in connection with a restructuring under Chapter 11 of the U.S. Bankruptcy Code (commonly known as debtor-in-possession or DIP financings). Debtor-in-possession financings generally allow the issuer to continue its operations while reorganizing. Such financings constitute senior liens on unencumbered collateral (*i.e.*, collateral not subject to other creditors' claims). There is risk that the issuer under a debtor-in-possession financing will not



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**1. Organization and Significant Accounting Policies (continued)**

emerge from Chapter 11 and be forced to liquidate its assets under Chapter 7 of the U.S. Bankruptcy Code. In the event of liquidation, the Funds only recourse would be against the collateral securing the debtor-in possession financing.

**(h) Payment In-Kind Securities**

The Funds may invest in payment in-kind securities, which are debt or preferred stock securities that require or permit payment of interest in the form of additional securities. Payment in-kind securities allow the issuer to avoid or delay the need to generate cash to meet current interest payments and, as a result, may involve greater risk than securities that pay interest currently or in cash.

**(i) Warrants**

The Funds may receive warrants. Warrants are securities that are usually issued together with a debt security or preferred stock and that give the holder the right to buy a proportionate amount of common stock at a specified price. Warrants are freely transferable and are often traded on major exchanges. Warrants normally have a life that is measured in years and entitle the holder to buy common stock of a company at a price that is usually higher than the market price at the time the warrant is issued. Warrants may entail greater risks than certain other types of investments. Generally, warrants do not carry the right to receive dividends or exercise voting rights with respect to the underlying securities, and they do not represent any rights in the assets of the issuer. In addition, their value does not necessarily

change with the value of the underlying securities, and they cease to have value if they are not exercised on or before their expiration date. If the market price of the underlying stock does not exceed the exercise price during the life of the warrant, the warrant will expire worthless. Warrants may increase the potential profit or loss to be realized from the investment as compared with investing the same amount in the underlying securities. Similarly, the percentage increase or decrease in the value of an equity security warrant may be greater than the percentage increase or decrease in the value of the underlying common stock. Warrants may relate to the purchase of equity or debt securities. Debt obligations with warrants attached to purchase equity securities have many characteristics of convertible securities and their prices may, to some degree, reflect the performance of the underlying stock. Debt obligations also may be issued with warrants attached to purchase additional debt securities at the same coupon rate. A decline in interest rates would permit the Funds to sell such warrants at a profit. If interest rates rise, these warrants would generally expire with no value.

**(j) Short Sales**

Short sale transactions involve the Funds selling securities they do not own in anticipation of a decline in the market price of the securities. The Funds are obligated to deliver securities at the market price at the time the short position is closed. Possible losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested. There were no open short sales at July 31, 2016.





**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

## 1. Organization and Significant Accounting Policies (continued)

### (k) Statement of Cash Flows

U.S. GAAP requires entities providing financial statements that report both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided, but exempts investment companies meeting certain conditions. One of the conditions is that the fund had little or no debt, based on the average debt outstanding during the period, in relation to average total assets. Diversified Income & Convertible's indebtedness has been determined to be at a level requiring a statement of cash flows. The Statement of Cash Flows has been prepared using the indirect method which requires net change in net assets resulting from operations to be adjusted to reconcile to net cash flows from operating activities.

### (l) Loan Interest Expense

Loan Interest expense relates to the Diversified Income & Convertible's participation in debt financing transactions (See Note 7 and Note 8). Interest expense is recorded as it is incurred.

### (m) Contingent Value Rights

A Fund may invest in contingent value rights ( CVRs ). A CVR gives the holder the right to receive an amount (which may be a fixed amount or determined by a formula) in the event that a specified corporate action, business milestone, or other trigger occurs (or does not occur) which is often subject to an expiration date. CVRs often are awarded to shareholders in the context of a corporate

acquisition or major restructuring. For example, shareholders of an acquired company may receive a CVR that enables them to receive additional shares of the acquiring company in the event that the acquiring company's share price falls below a certain level by a specified date. Risks associated with the use of CVRs are generally similar to risks associated with the use of options, such as the risk that the required trigger does not (or does) occur prior to a CVR's expiration, causing the CVR to expire with no value. CVRs also present illiquidity risk, as they may not be registered securities or may otherwise be non-transferable or difficult to transfer, as well as counterparty risk and credit risk. Further, because CVRs are valued based on the likelihood of the occurrence of a trigger, valuation often requires modeling and judgment, which increases the risk of mispricing or improper valuation.

## 2. Principal Risks

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Funds also are exposed to other risks such as, but not limited to, interest rate, credit and leverage risks.

Interest rate risk is the risk that fixed income securities' valuations will change because of changes in interest rates. During periods of rising nominal interest rates, the values of fixed income instruments are generally expected to decline. Conversely, during periods of



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**2. Principal Risks (continued)**

declining nominal interest rates, the values of fixed income instruments are generally expected to rise. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (*i.e.*, yield) movements. Interest rate changes can be sudden and unpredictable, and a Fund may lose money as a result of movements in interest rates. A Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended.

The Funds are exposed to credit risk, which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

The market values of securities may decline due to general market conditions (market risk) which are not specifically related to a particular company, such as real or perceived adverse economic conditions, adverse changes in the general outlook for corporate earnings,

changes in interest or currency rates, adverse changes to credit markets or adverse investor sentiment. They may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity-related investments generally have greater market price volatility than fixed income securities, although under certain market conditions fixed income securities may have comparable or greater price volatility. Credit ratings downgrades may also negatively affect securities held by a Fund. Even when markets perform well, there is no assurance that the investments held by a Fund will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level.

The Funds are exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss to the Funds could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments. The Sub-Advisers seek to minimize the Funds' counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)



**2. Principal Risks (continued)**

purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The Funds are exposed to risks associated with leverage. Leverage may cause the value of the Funds' shares to be more volatile than if the Funds did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Funds' portfolio securities. The Funds may engage in transactions or purchase instruments that give rise to forms of leverage. In addition, to the extent the Funds employ leverage, dividend and interest costs may not be recovered by any appreciation of the securities purchased with the leverage proceeds and could exceed the Funds' investment returns, resulting in greater losses. As discussed further in Note 7 and Note 8, Diversified Income & Convertible has mandatory redeemable preferred shares and senior secured notes outstanding and entered into margin loan financing.

The Funds may hold defaulted securities that may involve special considerations including bankruptcy proceedings, other regulatory and legal restrictions affecting the Funds' ability to trade, and the availability of prices from independent pricing services or dealer quotations. Defaulted securities may also be illiquid and may not be actively traded. Sale of securities in bankrupt companies at an acceptable price may be difficult and differences compared to the value of securities used by the Funds could be material. A Fund may incur additional expenses to the extent it is required to seek recovery upon a portfolio

security's default in the payment of principal or interest. In any bankruptcy proceeding relating to a defaulted investment, a Fund may lose its entire investment or may be required to accept cash or securities with a value substantially less than its original investment.

Diversified Income & Convertible will terminate on the first business day following the fifteenth anniversary of the effective date of its registration statement, May 22, 2030, unless such term is extended by the Trustees and absent Trustee and shareholder approval to amend the limited term. Leading up to the Fund's dissolution date, the Fund may begin liquidating all or a portion of the Fund's portfolio, and the Fund may deviate from its investment strategy. As a result, during the wind-down period, the Fund's distributions may decrease, and such distributions may include a return of capital. The Fund does not seek to return \$25.00 per common share (its initial offering price) upon termination. As the assets of the Fund will be liquidated in connection with its termination, the Fund may be required to sell portfolio securities when it otherwise would not, including at times when market conditions are not favorable, which may cause the Fund to lose money.

There can be no assurance that repurchases of common shares by Diversified Income & Convertible pursuant to its Repurchase Plan (as defined in Note 9) caused the common shares to trade at a price equal to or in excess of NAV or prevented or reduced any decline in the market price of the common shares. Any acquisition of common shares by the Fund decreased the managed assets of the Fund



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

## 2. Principal Risks (continued)

and therefore tended to have the effect of increasing the Fund's gross expense ratio and decreasing the asset coverage with respect to any leverage outstanding. Because of the nature of the Fund's investment objective, policies and portfolio, the Investment Manager and the Sub-Adviser do not believe that repurchases of common shares interfered with the ability of the Fund to manage its investments in order to seek its investment objective, and do not believe any material difficulty in borrowing money or disposing of portfolio securities to consummate repurchases, although no assurance can be given that this was the case. The Fund's repurchase of shares under the Repurchase Plan was subject to certain conditions under Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and other applicable laws, including Regulation M, which may have prohibited such repurchases under certain circumstances.

## 3. Financial Derivative Instruments

Disclosure about derivatives and hedging activities requires qualitative disclosure regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivatives, and disclosure about credit-risk related contingent features in derivative agreements. The disclosure requirements distinguish between derivatives which are accounted for as hedges, and those that do not qualify for such accounting. Although the Funds at times use derivatives for hedging purposes, the Funds reflect derivatives at fair value and recognize changes in fair value

through the Funds' Statements of Operations, and such derivatives do not qualify for hedge accounting treatment.

### Option Transactions

The Funds may write (sell) put and call options on securities and indices to earn premiums, for hedging purposes, risk management purposes or otherwise as part of their investment strategies. When an option is written, the premium received is recorded as an asset with an equal liability that is subsequently marked to market to reflect the market value of the option written. These liabilities are reflected as call options written in the Funds' Statements of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions as a realized loss. If a call option written is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option written is exercised, the premium reduces the cost basis of the security. In writing an option, the Funds bear the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of a written option could result in the Funds purchasing a security at a price different from its current market value.



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

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July 31, 2016 (unaudited)

### 3. Financial Derivative Instruments (continued)

There are several risks associated with transactions in options on securities. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objective. The Funds' ability to use options successfully will depend on the Sub-Advisers' ability to predict pertinent market movements, which cannot be assured. As the writer of a covered call option, a Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline.

### 4. Investment Manager/Sub-Advisers & Deferred Compensation

Investment Manager/Sub-Advisers. Each Fund has an Investment Management Agreement (for the purposes of this section, each an Agreement) with the Investment Manager. Subject to the supervision of the Funds' Board, the Investment Manager is responsible for managing, either directly or through others selected by it, the Funds' investment activities, business affairs and administrative matters. Pursuant to their Agreements, Diversified Income & Convertible and Equity & Convertible Income pay the Investment Manager an annual fee, payable monthly, at an annual rate of 1.00% of their average daily total managed assets. Pursuant

to its Agreement, Dividend, Interest & Premium Strategy pays the Investment Manager an annual fee, payable monthly, at an annual rate of 0.90% of its average daily total managed assets. Diversified Income & Convertible's Agreement defines total managed assets as the total assets of the Fund (including assets attributable to any Preferred Shares, borrowings, issued debt securities or other forms of leverage that may be outstanding) minus accrued liabilities (other than liabilities representing leverage). The Agreements of each of Equity & Convertible Income and Dividend, Interest & Premium Strategy define total managed assets as the total assets of each Fund (including assets attributable to any borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing borrowings).

The Investment Manager has retained the Sub-Advisers to manage Dividend, Interest & Premium Strategy. NFJ manages the equity component of the Fund and AllianzGI U.S. manages the convertible and index option strategy components of the Fund. AllianzGI U.S. serves as the sole sub-adviser to Diversified Income & Convertible and Equity & Convertible Income. The Investment Manager, not the Funds, pays a portion of the fees it receives as Investment Manager to the Sub-Advisers in return for their services.

Deferred Compensation. Trustees do not currently receive any pension or retirement benefits from the Funds. The Funds have adopted a deferred compensation plan for the Trustees that permits the Trustees to defer their receipt of compensation from the Funds,





**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

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July 31, 2016 (unaudited)

**4. Investment Manager/Sub-Advisers & Deferred Compensation (continued)**

at their election, in accordance with the terms of the plan. Under the plan, each Trustee may elect not to receive all or a portion of his or her fees from the Funds on a current basis but to receive in a subsequent period chosen by the Trustee an amount equal to the value of such compensation if such compensation had been invested in one or more

series of Allianz Funds Multi-Strategy Trust or Allianz Funds, selected by the Trustees from and after the normal payment dates for such compensation. The deferred compensation program is structured such that the Funds remain in substantially the same financial position whether Trustee fees are paid when earned or deferred.

**5. Investments in Securities**

For the six months ended July 31, 2016, purchases and sales of investments, other than short-term securities were:

|           | Diversified<br>Income &<br>Convertible | Equity &<br>Convertible<br>Income | Dividend,<br>Interest &<br>Premium<br>Strategy |
|-----------|--|-----------------------------------|--|
| Purchases | \$343,404,145                          | \$270,839,054                     | \$244,908,523                                  |
| Sales     | 359,955,808                            | 280,632,143                       | 278,790,512                                    |

At July 31, 2016, the Diversified Income & Convertible had the following unfunded loan commitment under a debtor-in-possession financing which could be extended at the option of the in-bankruptcy issuer:

| Borrower                | Principal<br>Amount |
|-------------------------|---------------------|
| SFX Entertainment, Inc. | \$44,433            |

**6. Income Tax Information**

At July 31, 2016, the aggregate cost basis and the net unrealized appreciation (depreciation) of investments (before call options written) for federal income tax purposes were as follows:

|                                       | Federal Tax<br>Cost Basis (1) | Unrealized<br>Appreciation | Unrealized<br>Depreciation | Net Unrealized<br>Depreciation |
|---------------------------------------|-------------------------------|----------------------------|----------------------------|--------------------------------|
| Diversified Income & Convertible      | \$356,630,676                 | \$1,786,045                | \$34,771,101               | \$(32,985,056)                 |
| Equity & Convertible Income           | 680,598,584                   | 15,087,591                 | 98,965,992                 | (83,878,401)                   |
| Dividend, Interest & Premium Strategy | 1,364,100,899                 | 134,916,863                | 143,758,592                | (8,841,729)                    |

(1) Difference between book and tax cost basis are primarily attributable to the differing treatment of bond amortization and wash sale loss deferrals.

**7. Long-Term Financing Arrangements**

On October 2, 2015, Diversified Income & Convertible completed a private placement with a single institutional investor, consisting of \$30,000,000 in Series A Mandatory

Redeemable Preferred Shares ( MRPS ) with a mandatory redemption date of October 2, 2025, and \$50,000,000 in Senior Secured Notes ( Notes and together with MRPS, Long-Term Financing Arrangements ) due



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

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**7. Long-Term Financing Arrangements (continued)**

November 22, 2029. Fitch Ratings ( Fitch ) assigned a rating of AA to the MRPS and AAA to the Notes. The Long- Term Financing Arrangements refinanced a portion of the

Diversified Income & Convertible s short-term borrowings under the Margin Loan Financing described in Note 8. Diversified Income & Convertible continues to maintain a short-term credit facility at variable interest rates for a portion of its borrowings.

**Mandatory Redeemable Preferred Shares**

At July 31, 2016, Diversified Income & Convertible had 1,200,000 shares of MRPS outstanding with an aggregate liquidation preference of \$30,000,000 (\$25.00 per share). The following table summarizes the key terms of the MRPS at July 31, 2016:

|   |                                  |  |   |
|---|----------------------------------|--|---|
| Mandatory<br>Redemption Date<br>October 2, 2025 | Annual<br>Dividend Rate<br>4.34% | Aggregate<br>Liquidation<br>Preference<br>\$30,000,000 | Estimated Fair<br>Value<br>\$30,000,000 |
|---|----------------------------------|--|---|



## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

Holders of MRPS are entitled to receive a quarterly dividend at an annual fixed dividend rate of 4.34%, subject to upward adjustment (by as much as 4.00%) during any period when the MRPS have a rating of below A from Fitch, or the equivalent from another rating agency (with the rate increasing at lower rating levels). The MRPS will have a default interest rate of 5.00% whenever a past due amount is outstanding with respect to the MRPS. Dividends are accrued daily and paid quarterly and are presented in Diversified Income & Convertible's Statement of Assets & Liabilities as dividends payable to mandatory redeemable preferred shareholders. For the period ended July 31, 2016, Diversified Income & Convertible paid \$651,000 in distributions to mandatory redeemable preferred shareholders. The MRPS are senior, with priority in all respects, to Diversified Income & Convertible's outstanding common shares as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the

Fund. The MRPS rank pari passu with any and all other preferred shares of the Fund, and rank junior to the Fund's indebtedness, including the Notes, the Margin Loan Financing and any other senior secured indebtedness. Diversified Income & Convertible may redeem all or any part of the MRPS at any time, subject to certain redemption premiums. Diversified Income & Convertible is subject to periodic asset coverage testing and must redeem some or all of the MRPS when its asset coverage declines below certain levels.

### **Senior Secured Notes**

At July 31, 2016, Diversified Income & Convertible had \$50,000,000 in aggregate principal amount of Notes outstanding. The Notes rank pari passu with all other senior debt of Diversified Income & Convertible, including the Margin Loan Financing, and are secured by a lien on all assets of the Fund of every kind, including all securities and all other investment property, equal and ratable with the liens securing the Margin Loan Financing. The Notes



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AllianzGI Diversified Income & Convertible Fund

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July 31, 2016 (unaudited)

**7. Long-Term Financing Arrangements (continued)**

are senior, with priority in all respects, to the MRPS and the outstanding common shares as to payments of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund. Holders of the Notes are entitled to receive cash interest payments semi-annually until maturity. The Notes accrue interest at an annual fixed rate of 3.94%. The Notes will be subject to a penalty interest rate of an

additional 2.00% while overdue payments are outstanding, and an additional 1.00% during any interest rate period when the Notes, at any time, have a rating of less than A- from Fitch or the equivalent from another agency. The Notes are prepayable in whole or in part at any time, subject to a prepayment premium, which may be adjusted under some circumstances based on asset coverage levels. Loan interest expense of \$990,472 is included in the Diversified Income & Convertible s Statement of Operations.

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

The following table shows the maturity date, interest rate, notional/carrying amount and estimated fair value of the Notes outstanding at July 31, 2016:

| Maturity Date     | Interest Rate | Notional/Carrying Amount | Estimated Fair Value |
|-------------------|---------------|--------------------------|----------------------|
| November 22, 2029 | 3.94%         | \$50,000,000             | \$50,000,000         |

The agreements governing the MRPS and Notes impose certain additional customary covenants and restrictions on the Fund, including, among others, asset coverage requirements, restrictions on distributions and a requirement that the Fund adhere to its stated investment policies.

#### **8. Margin Loan Financing**

Diversified Income & Convertible has entered into a margin loan financing agreement with BNP Paribas Prime Brokerage International, Ltd. (BNP). The margin loan is offered at a daily rate equal to the U.S. 3-month LIBOR rate plus 0.90%. At July 31, 2016, the Fund had a borrowing outstanding under the margin agreement totaling \$25,000,000. The interest rate charged at July 31, 2016 was 1.66%. During the six months ended July 31, 2016, the weighted average daily balance was \$25,000,000 at the weighted average interest

rate of 1.55%. With respect to the margin agreement, loan interest expense of \$196,234 is included in the Statement of Operations.

The Fund is required to fully collateralize its outstanding loan balance as determined by BNP. Pledged assets are held in a segregated account and are denoted in the Schedule of Investments.

#### **9. Common Share Repurchase Plan**

The common share repurchase plan (the Repurchase Plan) of Diversified Income & Convertible (for purposes of this paragraph, the Fund) became effective on September 4, 2015. The Board of Trustees initially authorized the repurchase Plan at the Fund's organizational meeting on April 20, 2015. The Repurchase Plan was intended in part to provide additional liquidity in the marketplace for the Fund's common shares. The Repurchase Plan remained in effect until



**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

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AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

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**9. Common Share Repurchase Plan (continued)**

230 days after the commencement of the Repurchase Plan (*i.e.*, April 21, 2016) (the Repurchase Period ), during which the Fund repurchased its common shares in the open market on any trading day when the Fund's common shares were trading at a discount of 2% or more from the common shares' closing NAV on the prior trading day and only so long as shares of the SPDR Barclays Convertible Securities ETF had not, at any time during such trading day, traded down 2% or more from their closing market price on the prior trading day. Any repurchases were made through a single broker-dealer who was not an underwriter in this initial public offering of the Fund's common shares acting as the Fund's agent. On any day that shares were repurchased under the Repurchase Plan, the Fund, subject to certain conditions under Rule 10b-18 under the Exchange Act and other applicable laws, including Regulation M, repurchased its shares in an amount equal to the lesser of (i) \$125,000 based on the aggregate purchase price of the common

shares or (ii) the maximum number of common shares the Fund may purchase under Rule 10b-18, which, generally, is currently 25% of the average daily trading volume of the common shares over the trailing four week period. In addition to providing potential additional liquidity in the marketplace, any repurchases under the Repurchase Plan were made by the Fund at a discount to then current NAV of the common shares and therefore were accretive to the NAV of the remaining common shares following the repurchases, and the Repurchase Plan may have had the effect of preventing or reducing a significant decline in the market price of the common shares in comparison to their NAV. Effective April 22, 2016, the Common Share Repurchase Plan was discontinued.

For the six months ended July 31, 2016, the Fund repurchased 386,069 shares of its common stock on the open market, which represented approximately 4% of shares outstanding as of July 31, 2016 at a total cost, inclusive of commissions (\$0.03 per share), of \$6,509,184 at a per-share weighted average discount to NAV of 12.37%.

**10. Subsequent Events**

In preparing these financial statements, the Funds' management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

On August 1, 2016, a monthly distribution of \$0.167 per share was declared to Diversified Income & Convertible common shareholders, payable September 1, 2016 to common shareholders of record on August 11, 2016.

On September 1, 2016, a monthly distribution of \$0.167 per share was declared to Diversified Income & Convertible common shareholders, payable October 3, 2016 to common shareholders of record on September 12, 2016.

**Notes to Financial Statements**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

July 31, 2016 (unaudited)

**10. Subsequent Events (continued)**

On September 2, 2016, the following quarterly distributions were declared to shareholders, payable September 23, 2016 to shareholders of record on September 12, 2016:

|                                       |                  |
|---------------------------------------|------------------|
| Equity & Convertible Income           | \$0.38 per share |
| Dividend, Interest & Premium Strategy | \$0.30 per share |

On October 1, 2016, it is anticipated that the Investment Manager will merge into AllianzGI U.S. The merger will not result in any change of control and all services provided by the Investment Manager will continue to be provided by AllianzGI U.S.

There were no other subsequent events identified that require recognition or disclosure.

**Financial Highlights**

AllianzGI Diversified Income & Convertible Fund

For a common share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2016<br>(unaudited) | For the period<br>May 22, 2015*<br>through<br>January 31, 2016 |
|--|---|--|
| Net asset value, beginning of period                                       | \$18.91   | \$23.88  |
| <b>Investment Operations:</b>  |   |  |
| Net investment income (1)  | 0.19  | 0.18   |
| Net realized and change in unrealized gain (loss)                          | 3.04  | (4.09)   |
| Total from investment operations   | 3.23  | (3.91)   |
| <b>Dividends and Distributions to Common Shareholders from:</b>            |   |  |
| Net investment income  | (1.00)  | (0.62)   |
| Net realized gains   |   | (0.55)   |
| Total dividends and distributions to common shareholders                   | (1.00)  | (1.17)   |
| <b>Common Share Transactions:</b>  |   |  |
| Offering costs charged to paid-in-capital in excess of par                 |   | (0.05)   |
| Accretion to net asset value resulting from share repurchases              | 0.08  | 0.16   |
| Net asset value, end of period   | \$21.22   | \$18.91  |
| Market price, end of period  | \$18.98   | \$16.40  |
| <b>Total Investment Return (2)</b>   | 22.41%  | (30.12)%   |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |   |  |
| Net assets, end of period (000 s)  | \$218,001   | \$201,644  |
| Ratio of expenses to average net assets, including interest expense (4)(5) | 3.54%(3)  | 3.26%(3)   |
| Ratio of expenses to average net assets, excluding interest expense (4)(5) | 2.38%(3)  | 2.56%(3)   |
| Ratio of net investment income to average net assets (5)                   | 1.90%(3)  | 1.24%(3)   |
| Mandatory redeemable preferred shares asset coverage per share             | \$206   | \$193  |
| Portfolio turnover rate  | 113%  | 149%   |

\* Commencement of operations.

(1) Calculated on average common shares outstanding.

(2) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of less than one year is not annualized.

(3) Annualized.

(4) Interest expense relates to participation in the debt financing (See Note 7 and Note 8).

(5) Calculated on the basis of income and expenses applicable to both common and mandatory redeemable preferred shares relative to average net assets of common shareholders.

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**Financial Highlights**

AllianzGI Equity &amp; Convertible Income Fund

For a share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2016<br>(unaudited) | 2016      | 2015       | Year ended January 31,<br>2014 | 2013      | 2012      |
|--|---|-----------|------------|--------------------------------|-----------|-----------|
| Net asset value, beginning of period                     | \$19.90   | \$22.13   | \$21.79    | \$20.10                        | \$19.28   | \$20.28   |
| <b>Investment Operations:</b>                            |   |           |            |                                |           |           |
| Net investment income                                    | 0.20  | 0.47      | 0.53       | 0.56                           | 0.39      | 0.36      |
| Net realized and change in unrealized gain (loss)        | 2.15  | (1.18)    | 1.13       | 2.49                           | 1.55      | (0.24)    |
| Total from investment operations                         | 2.35  | (0.71)    | 1.66       | 3.05                           | 1.94      | 0.12      |
| <b>Dividends and Distributions to Shareholders from:</b> |   |           |            |                                |           |           |
| Net investment income                                    |   | (0.41)    | (0.63)     | (0.92)                         | (0.28)    | (0.46)    |
| Net realized gains                                       | (0.76)  | (1.11)    | (0.69)     | (0.44)                         | (0.84)    | (0.66)    |
| Total dividends and distributions to shareholders        | (0.76)  | (1.52)    | (1.32)     | (1.36)                         | (1.12)    | (1.12)    |
| Net asset value, end of period                           | \$21.49   | \$19.90   | \$22.13(1) | \$21.79                        | \$20.10   | \$19.28   |
| Market price, end of period                              | \$19.28   | \$16.97   | \$20.01    | \$18.73                        | \$17.91   | \$17.22   |
| <b>Total Investment Return (2)</b>                       | 18.47%  | (8.01)%   | 14.07%     | 12.35%                         | 10.92%    | (4.85)%   |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>                         |   |           |            |                                |           |           |
| Net assets, end of period (000 s)                        | \$595,524   | \$551,378 | \$613,133  | \$603,786                      | \$448,384 | \$430,095 |
| Ratio of expenses to average net assets                  | 1.08%(3)  | 1.10%     | 1.13%      | 1.09%(4)                       | 1.09%     | 1.08%     |
| Ratio of net investment income to average net assets     | 1.99%(3)  | 2.15%     | 2.34%      | 2.39%(4)                       | 2.06%     | 1.87%     |
| Portfolio turnover rate                                  | 48%   | 110%      | 63%        | 82%                            | 122%      | 118%      |

(1) Payment from affiliates increased the net asset value by less than \$0.01.

(2) Total investment return is calculated assuming a purchase of a share at the market price on the first day and a sale of a share at the market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of less than one year is not annualized.

(3) Annualized.

(4) Inclusive of Reimbursement from Investment Manager of 0.02%.

**Financial Highlights**

AllianzGI NFJ Dividend, Interest &amp; Premium Strategy Fund

For a share outstanding throughout each period:

|  | Six Months<br>ended<br>July 31, 2016<br>(unaudited) | 2016        | 2015        | Year ended January 31,<br>2014 | 2013        | 2012        |
|--|---|-------------|-------------|--------------------------------|-------------|-------------|
| Net asset value, beginning of period                     | \$13.59   | \$16.95     | \$18.19     | \$17.91                        | \$18.06     | \$19.12     |
| <b>Investment Operations:</b>                            |   |             |             |                                |             |             |
| Net investment income                                    | 0.17  | 0.38        | 0.41        | 0.49                           | 0.53        | 0.52        |
| Net realized and change in unrealized gain (loss)        | 1.28  | (2.09)      | 0.15        | 1.59                           | 1.12        | 0.22        |
| Total from investment operations                         | 1.45  | (1.71)      | 0.56        | 2.08                           | 1.65        | 0.74        |
| <b>Dividends and Distributions to Shareholders from:</b> |   |             |             |                                |             |             |
| Net investment income                                    | (0.60)  | (0.39)      | (0.65)      | (0.54)                         | (0.67)      | (0.56)      |
| Net realized gains                                       |   |             |             |                                |             | (0.85)      |
| Return of capital  |   | (1.26)      | (1.15)      | (1.26)                         | (1.13)      | (0.39)      |
| Total dividends and distributions to shareholders        | (0.60)  | (1.65)      | (1.80)      | (1.80)                         | (1.80)      | (1.80)      |
| Net asset value, end of period                           | \$14.44   | \$13.59     | \$16.95(1)  | \$18.19                        | \$17.91     | \$18.06     |
| Market price, end of period                              | \$12.73   | \$11.50     | \$15.88     | \$17.86                        | \$16.65     | \$17.30     |
| <b>Total Investment Return (2)</b>                       | 16.23%  | (18.68)%    | (1.75)%     | 18.83%                         | 6.83%       | 9.07%       |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>                         |   |             |             |                                |             |             |
| Net assets, end of period (000 s)                        | \$1,369,324   | \$1,288,319 | \$1,606,718 | \$1,719,489                    | \$1,692,659 | \$1,706,770 |
| Ratio of expenses to average net assets                  | 1.02%(3)  | 0.97%       | 0.96%       | 0.94%(4)                       | 0.97%       | 0.97%       |
| Ratio of net investment income to average net assets     | 2.47%(3)  | 2.41%       | 2.20%       | 2.69%(4)                       | 2.97%       | 2.83%       |
| Portfolio turnover rate                                  | 19%   | 54%         | 47%         | 48%                            | 46%         | 50%         |

(1) Payment from affiliates increased the net asset value by \$0.02.

(2) Total investment return is calculated assuming a purchase of a share at the market price on the first day and a sale of a share at the market price on the last day of each period reported. Dividends and distributions, if any, are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of less than one year is not annualized.

(3) Annualized.

(4) Inclusive of reimbursement from Investment Manager of 0.02%.





**Annual Shareholder Meeting Results (unaudited)**

AllianzGI Diversified Income & Convertible Fund  
 AllianzGI Equity & Convertible Income Fund  
 AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

The Funds held their meeting of shareholders on June 30, 2016. Shareholders voted as indicated below:

Diversified Income & Convertible:

|   | Affirmative | Withheld Authority |
|---|-------------|--------------------|
| Election of Alan Rappaport Class I to serve until the annual meeting for the 2019-2020 fiscal year*       | 1,200,000   | 0                  |
| Election of James A. Jacobson Class II to serve until the annual meeting for the 2017-2018 fiscal year*   | 1,200,000   | 0                  |
| Election of Hans W. Kertess Class I to serve until the annual meeting for the 2019-2020 fiscal year       | 10,201,229  | 169,318            |
| Election of William B. Ogden, IV Class I to serve until the annual meeting for the 2019-2020 fiscal year  | 10,197,245  | 173,302            |
| Election of Davey S. Scoon Class I to serve until the annual meeting for the 2019-2020 fiscal year        | 10,195,676  | 174,871            |
| Election of A. Douglas Eu Class II to serve until the annual meeting for the 2017-2018 fiscal year        | 10,201,229  | 169,318            |
| Election of Barbara R. Claussen Class III to serve until the annual meeting for the 2018-2019 fiscal year | 10,193,924  | 176,623            |

The other members of the Board of Trustees at the time of the meeting, namely, Ms. Deborah A. DeCotis and Messrs. Bradford K. Gallagher, F. Ford Drummond, and James S. MacLeod continued to serve as Trustees of the Fund.

\* Messrs. Rappaport and Jacobson were elected by preferred shareholders voting as a separate class. All other trustees of Diversified Income & Convertible were elected by common and preferred shareholders voting together as a single class.

Interested Trustee

Equity & Convertible Income:

|   | Affirmative | Withheld Authority |
|---|-------------|--------------------|
| Re-election of Deborah A. DeCotis Class III to serve until the annual meeting for the 2019-2020 fiscal year | 22,215,044  | 3,111,250          |
|   | 22,215,662  | 3,110,632          |

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|   |            |           |
|---|------------|-----------|
| Re-election of Bradford K. Gallagher Class III to serve until the annual meeting for the 2019 -2020 fiscal year |            |           |
| Election of A. Douglas Eu Class II to serve until the annual meeting for the 2018-2019 fiscal year              | 22,233,909 | 3,092,385 |
| Election of Barbara R. Claussen Class III to serve until the annual meeting for the 2019-2020 fiscal year       | 22,234,015 | 3,092,279 |

The other members of the Board of Trustees at the time of the meeting, namely, Messrs. Alan Rappaport, F. Ford Drummond, Hans W. Kertess, James A. Jacobson, William B. Ogden, IV, Davey S. Scoon and James S. MacLeod continued to serve as Trustees of the Fund.

Interested Trustee

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**Annual Shareholder Meeting Results (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

Dividend, Interest & Premium Strategy:

|   | Affirmative | Withheld Authority |
|---|-------------|--------------------|
| Re-election of Deborah A. DeCotis Class II to serve until the annual meeting for the 2019-2020 fiscal year    | 79,173,625  | 5,356,336          |
| Re-election of Bradford K. Gallagher Class II to serve until the annual meeting for the 2019-2020 fiscal year | 79,099,031  | 5,430,930          |
| Re-election of James A. Jacobson Class II to serve until the annual meeting for the 2019-2020 fiscal year     | 79,103,771  | 5,426,190          |
| Election of A. Douglas Eu Class I to serve until the annual meeting for the 2018-2019 fiscal year             | 79,199,420  | 5,330,541          |
| Election of Barbara R. Claussen Class II to serve until the annual meeting for the 2019-2020 fiscal year      | 79,227,119  | 5,302,842          |

The other members of the Board of Trustees at the time of the meeting, namely, Messrs. Hans W. Kertess, William B. Ogden, IV, Davey S. Scoon, F. Ford Drummond, Alan Rappaport and James S. MacLeod continued to serve as Trustees of the Fund.

Interested Trustee

**Changes to the Board of Trustees/Proxy Voting Policies & Procedures (unaudited)**

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

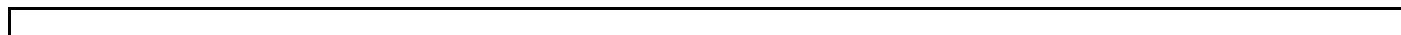
**Changes to the Board of Trustees:**

Effective April 15, 2016, Julian Sluyters resigned as a Trustee and as President and Chief Executive Officer of each Fund.

Effective April 25, 2016, A. Douglas Eu became a Class I Trustee of Dividend, Interest & Premium Strategy and a Class II Trustee of Diversified Income & Convertible and Equity & Convertible. Mr. Eu is an interested person of the Funds, as defined in Section 2(a)(19) of the 1940 Act, due to his positions with the Investment Manager and its affiliates.

Effective April 25, 2016, Thomas J. Fuccillo, formerly the Vice President, Chief Legal Officer and Secretary to the Funds, was appointed President and Chief Executive Officer to the Funds.

Effective April 25, 2016, Angela Borreggine, formerly an Assistant Secretary to the Funds, was appointed Chief Legal Officer and Secretary to the Funds.



**Proxy Voting Policies & Procedures**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 254-5197; (ii) on the Funds' website at [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited)**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

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The Investment Company Act of 1940, as amended, requires that both the full Board of Trustees (the Trustees ) and a majority of the non-interested Trustees (the Independent Trustees ), voting separately, approve each Fund s (as defined below) Investment Management Agreement with Allianz Global Investors Fund Management LLC (the Investment Manager ) (for purposes of this section, the Advisory Agreements ) and Portfolio Management Agreements between (1) the Investment Manager and Allianz Global Investors U.S. LLC ( AllianzGI US ) with respect to AllianzGI NFJ Dividend, Interest & Premium Strategy Fund ( NFJ ), AllianzGI Equity & Convertible Income Fund ( NIE ) and AllianzGI Diversified Income & Convertible Fund ( ACV and, together with NFJ and NIE, for the purposes of this section, the Funds ) and (2) the Investment Manager and NFJ Investment Group LLC ( NFJ LLC and, together with AllianzGI US, the Sub-Advisers ) with respect to NFJ (for purposes of this section, the Sub-Advisory Agreements, and together with the Advisory Agreements, the Agreements ). The Trustees met in person on June 8, 2016 for the specific purpose of considering whether to approve the continuation of the Advisory Agreements and the Sub-Advisory Agreements for an additional year commencing July 1, 2016 for NFJ, NIE and ACV. The Funds Contracts Committees, which are comprised of all of the Independent Trustees, met on May 24, 2016 and June 8, 2016 with independent counsel to discuss the materials provided by the Investment Manager in response to the Independent Trustees written request for information regarding the

annual renewal. Representatives from fund management attended portions of those meetings to, among other topics, review the comparative fee and expense information and comparative performance information prepared and provided by Broadridge Financial Solutions, Inc. ( Broadridge ) for each Fund using its respective Broadridge peer universe for performance and expense comparisons.

In connection with their deliberations regarding the continuation of the Agreements, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality and extent of the various investment management, administrative and other services performed by the Investment Manager or the Sub-Advisers under the applicable Agreement.

In advance of their contract review meetings, the Trustees received and relied upon materials provided by the Investment Manager which included, among other items: (i) information provided by Broadridge Financial Solutions Inc. ( Broadridge ), an independent third party, on the total return investment performance (based on net asset value and market value) of the Funds for various time periods, and the investment performance of a group of funds with investment classifications/objectives comparable to those of the Funds identified by Broadridge (the Broadridge performance universe ); (ii) information provided by



**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund



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Broadridge on the Funds' management fees and other expenses, and the management fees and other expenses of comparable funds identified by Broadridge (based both on common share and leveraged assets combined (if applicable), and on common share assets alone); (iii) information regarding the investment performance and management fees for other funds and accounts managed by the Investment Manager and/or the Sub-Advisers with strategies that have similarities (but none of which were substantially similar) to those of the Funds; (iv) the estimated profitability to the Investment Manager and Sub-Advisers (on a combined basis) from their relationship with the Funds for the one-year periods ended December 31, 2015 and 2014, respectively (or such shorter periods, as applicable); (v) descriptions of various functions performed by the Investment Manager and the Sub-Advisers for the Funds, including portfolio management, compliance monitoring, trading and oversight of third party service providers; (vi) information regarding the overall organization and business functions of the Investment Manager and the Sub-Advisers, including, without limitation, information regarding senior management, portfolio managers and other personnel providing investment management, administrative and other services to the Funds, and corporate ownership and business operations unrelated to the Funds; (vii) fact cards for each Fund including, among other information, total return investment performance based on net asset value and market value, related share price premium

and/or discount information, performance (based on net asset value and market value) relative to each Fund's Broadridge peer group, total expense ratio and management fee comparisons between each Fund and its Broadridge peer group and trends in profitability to the Investment Manager and Sub-Advisers (on a combined basis) from their advisory relationship with each Fund; and (viii) Focus Group Scorecards that rated each Fund's performance and fees and expenses with respect to selected metrics against Broadridge peers.

The Trustees' conclusions as to the continuation of the Agreements were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, attributing different weights to various factors. The Trustees recognized that the fee arrangements for the Funds are in many cases the result of review and discussion in prior years between the Independent Trustees and the Investment Manager, that certain aspects of such arrangements may receive greater scrutiny in some years than in others and that the Trustees' conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

Fund-specific performance results for the Funds reviewed by the Trustees are discussed below. The comparative performance



**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

information was prepared and provided by Broadridge or AllianzGI US and was not independently verified by the Trustees. The Trustees reviewed, among other information, comparative information showing performance of each Fund against its respective Broadridge performance universe (based on net asset value) for the one-year, three-year, five-year and ten-year periods (to the extent available) ended March 31, 2016.

In addition, it was noted that the Trustees considered matters bearing on the Funds and their advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting (either by the full Board and/or the Performance Committee of the Board).

As part of their review, the Trustees examined the Investment Manager's and the Sub-Advisers' abilities to provide high-quality investment management and other services to the Funds. Among other information, the Trustees considered the investment philosophy and research and decision-making processes of the Sub-Advisers, as well as the Sub-Advisers' broker selection process and trading operations; the experience of key advisory personnel of the Sub-Advisers responsible for portfolio management of the Funds; the ability of the Investment Manager and the Sub-Advisers to attract and retain capable personnel; the background and capabilities of the senior management and staff of the Investment Manager and the Sub-Advisers; employee compensation; and the operational infrastructure, including technology and systems, of the Investment

Manager and the Sub-Advisers. In addition, the Trustees reviewed the extent and quality of the Investment Manager's and the Sub-Advisers' services with respect to regulatory compliance and compliance with the investment policies of the Funds; the compliance programs and risk controls of the Investment Manager and the Sub-Advisers; the specific contractual obligations of the Investment Manager and the Sub-Advisers pursuant to the Agreements; the nature and quality of certain administrative services the Investment Manager is responsible for providing to the Funds; and conditions that might affect the Investment Manager's or the Sub-Advisers' ability to provide high quality services to the Funds in the future under the Agreements, including each organization's respective financial condition and operational stability. Based on the foregoing, the Trustees concluded that each Sub-Adviser's investment processes, research capabilities and philosophy were well suited to each of the applicable Funds, given their respective investment objectives and policies, that the Investment Manager and the Sub-Advisers would be able to continue to meet any reasonably foreseeable obligations under the Agreements, and that the Investment Manager and each of the Sub-Advisers would otherwise be able to provide services to the Funds of sufficient extent and quality.

In assessing the reasonableness of each Fund's fees under the Agreements, the Trustees considered, among other information, each Fund's management fee and its total expense ratio as a percentage of average net assets



**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund

AllianzGI Equity & Convertible Income Fund

AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

attributable to common shares and the management fee and total expense ratios as a percentage of average net assets attributable to common shares of peer expense groups of funds based on information provided by Broadridge. The Fund-specific fee and expense results discussed below were prepared and provided by Broadridge, as applicable, and were not independently verified by the Trustees.

The Trustees specifically took note of how each Fund compared to its Broadridge peers as to performance and management fee and total net expenses. The Trustees noted that while the Funds are not charged a separate administration fee (recognizing that their management fee includes a component for administrative services), it was not clear in all cases whether the peer funds in the Broadridge categories were separately charged such a fee by their investment managers, so that the total expense ratio (rather than any individual expense component) represented the most relevant comparison. It was noted that the total expense ratio comparisons reflect the effect of any expense waivers/reimbursements (although none exist for the Funds).

### **Dividend, Interest & Premium Strategy**

The Trustees noted that the expense group for the Fund provided by Broadridge consisted of a total of six closed-end funds, including the Fund. The Trustees also noted that average net assets of the common shares of the six funds in the expense group ranged from \$272.4 million to \$1.662 billion, and that one

fund in the group was larger in asset size than the Fund. The Trustees also noted that the Fund was ranked second out of six funds in the expense group for both total expense ratio based on common share assets and actual management fees based on common share assets (with funds ranked first having the lowest fees/expenses and ranked sixth having the highest fees/expenses in the expense group).

With respect to total return performance relative to its Broadridge performance universe (based on net asset value), the Trustees noted that the Fund had fifth quintile performance for the one-, three- and ten-year periods and fourth quintile performance for the five-year period, each ended March 31, 2016.

### **Equity & Convertible Income**

The Trustees noted that the expense group for the Fund provided by Broadridge consisted of a total of seven closed-end funds, including the Fund. The Trustees also noted that average net assets of the common shares of the seven funds in the expense group ranged from \$268.8 million to \$954.5 million, and that two funds in the group were larger in asset size than the Fund. The Trustees also noted that the Fund was ranked third out of seven funds in the expense group for both total expense ratio based on common share assets and actual management fees based on common share assets (with funds ranked first having the lowest fees/expenses and ranked seventh having the highest fees/expenses in the expense group).





**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

With respect to total return performance relative to its Broadridge performance universe (based on net asset value), the Trustees noted that the Fund was ranked first out of four funds for performance for the one-, three- and five-year periods, each ended March 31, 2016.

**Diversified Income & Convertible Fund**

The Trustees reviewed the Fund's ranking within its peer expense group for total expense ratio (including any interest and borrowing expenses) based on common share assets and total expense ratio (including any interest and borrowing expenses) based on common share and leveraged assets combined, as applicable. The Fund's ranking within its peer expense group for both actual management fees based on common share assets and actual management fees based on common and leveraged assets combined was also considered.

The Trustees noted that the expense group for the Fund provided by Broadridge consisted of a total of eleven closed-end funds, including the Fund. The Trustees also noted that average net assets of the common shares of the eleven funds in the expense group ranged from \$82.6 million to \$325.1 million, and that four funds in the group were larger in asset size than the Fund. The Trustees noted that the Fund was ranked eleventh out of eleven funds in the expense group for both total expense ratio (including any interest and borrowing expenses) based on common share assets and total expense ratio (including any interest and borrowing expenses) based on common share and leveraged assets combined and ninth in the expense group for both actual management fees based on common share assets and actual management fees based on common and leveraged assets combined (with funds ranked first having the lowest fees/expenses and ranked eleventh having the highest fees/expenses in the expense group).

With respect to total return performance relative to its Broadridge performance universe (based on net asset value), the Trustees noted that the Fund had first quintile performance for the period since inception on May 27, 2015.

In addition to their review of Fund performance based on net asset value, the Trustees also considered the market value performance of each Fund's common shares and related share price premium and/or discount information based on the materials provided by Broadridge and management.

The Trustees were advised that the Investment Manager and the Sub-Advisers do not manage any funds or accounts, including institutional or separate accounts, with investment strategies and return profiles substantially similar to those of the Funds. However, the Trustees considered the management fees charged by the Investment Manager and/or the Sub-Advisers to other funds and accounts with strategies that have similarities (but none of which are substantially similar) to those of the Funds, including open-end funds and, in some cases, separate accounts, advised by the Sub-Advisers. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by such



**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

separate account clients. However, the Trustees were advised that the Investment Manager and Sub-Advisers generally provide broader and more extensive services to the Funds in comparison to separate accounts, and incur additional expenses in connection with the more extensive regulatory regime to which the Funds are subject in comparison to separate accounts generally. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by the open-end funds offered for comparison, but were advised by the Investment Manager that there are additional portfolio management challenges in managing closed-end funds such as the Funds, including those associated with less liquid holdings, the use of leverage, issues relating to trading on a national exchange and attempting to meet a regular dividend, that do not apply to the management of open-end funds.

The Trustees also took into account that ACV has preferred shares or senior notes outstanding to provide leverage, which increase the amount of management fees payable by ACV under the Agreement (because the Fund's fees are calculated based on average daily managed assets, including assets attributable to any outstanding borrowings, issued debt securities or preferred shares, reverse repurchase agreements and dollar rolls). The Trustees took into account that the Investment Manager and AllianzGI US have a financial incentive for ACV to continue to have preferred shares, or senior notes and other borrowings outstanding, which may create a conflict of interest between the Investment Manager and AllianzGI US, on one hand, and ACV's common shareholders, on the other. In this regard, the Trustees considered information provided by the Investment Manager and AllianzGI US and related presentations as to why ACV's use of leverage continues to be appropriate and in the best interests of the Fund under current market conditions. The Trustees also considered AllianzGI US's representation that it will use leverage for the Fund solely as it determines to be in the best interests of the Fund from an investment perspective and without regard to the level of compensation the Investment Manager or AllianzGI US receive.

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the estimated profitability to the Investment Manager and Sub-Advisers (on a combined basis) from their relationship with each Fund and determined that such profitability did not appear to be excessive.

The Trustees also took into account that, as a general matter, as closed-end investment companies, the assets of the Funds will grow (if at all) principally through the investment performance of each Fund or through the use of additional leverage. The Trustees considered that NFJ, NIE and ACV do not currently intend to raise additional assets, and the Trustees therefore did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements. The Trustees considered that, as the assets of the Funds grow, certain economies of scale and other efficiencies may

**Matters Relating to the Trustees Consideration of the Investment**

**Management & Portfolio Management Agreements (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

be realized through spreading certain fixed costs across a larger asset base.

Additionally, the Trustees considered so-called "fall-out benefits" potentially available to the Investment Manager and the Sub-Advisers as a result of their advisory arrangements with the Funds, including research, statistical and quotation services from broker-dealers executing the Funds portfolio transactions on an agency basis, and enhanced visibility for marketing and distribution of other products managed by the Investment Manager and the Sub-Advisers.

After reviewing these and other factors described herein, the Trustees concluded with respect to each Fund, within the context of their overall conclusions regarding the Agreements and based on the information provided and related representations made by management, that they were satisfied with the Investment Manager's and the Sub-Advisers' responses and ongoing efforts relating to the investment performance of the Funds. The Trustees also concluded that the fees payable under each Agreement represent reasonable compensation in light of the nature, extent and quality of services provided by the Investment Manager or the applicable Sub-Adviser, as the case may be. Based on their evaluation of factors that they deemed to be material, including those factors described above, the Trustees, including the Independent Trustees, unanimously concluded that the continuation of the Agreements with respect to each Fund was in the best interests of the Fund and its shareholders, and should be approved.

## Privacy Policy (unaudited)

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

Please read this Policy carefully. It gives you important information about how Allianz Global Investors U.S. and its U.S. affiliates ( AllianzGI US, we or us ) handle nonpublic personal information ( Personal Information ) that we may receive about you. It applies to all of our past, present and future clients and shareholders of AllianzGI US and the funds and accounts it manages, advises, sub-advises, administers or distributes, and will continue to apply when you are no longer a client or shareholder. As used throughout this Policy, AllianzGI US means Allianz Global Investors U.S. LLC, Allianz Global Investors Fund Management LLC, Allianz Global Investors Distributors LLC, NFJ Investment Group LLC and the family of registered and unregistered funds managed by one or more of these firms. AllianzGI US is part of a global investment management group, and the privacy policies of other Allianz Global Investors entities outside of the United States may have provisions in their policies that differ from this Privacy Policy. Please refer to the website of the specific non-US Allianz Global Investors entity for its policy on privacy.

## We Care about Your Privacy

We consider your privacy to be a fundamental aspect of our relationship with you, and we strive to maintain the confidentiality, integrity and security of your Personal Information. To ensure your privacy, we have developed policies that are designed to protect your Personal Information while allowing your needs to be served.

## Information We May Collect

In the course of providing you with products and services, we may obtain Personal Information about you, which may come from sources such as account application and other forms, from other written, electronic, or verbal communications, from account transactions, from a brokerage or financial advisory firm, financial advisor or consultant, and/or from information you provide on our website.

You are not required to supply any of the Personal Information that we may request. However, failure to do so may result in us being unable to open and maintain your account, or to provide services to you.

## How Your Information Is Shared

We do not disclose your Personal Information to anyone for marketing purposes. We disclose your Personal Information only to those service providers, affiliated and non-affiliated, who need the information for everyday business purposes, such as to respond to your inquiries, to perform services, and/or to service and maintain your account. This applies to all of the categories of Personal Information we collect about you. The affiliated and non-affiliated service providers who receive your Personal Information also may use it to process your transactions, provide you with materials (including preparing and mailing prospectuses and shareholder reports and gathering shareholder proxies), and provide you with account statements and other materials relating to your account. These service providers provide services at our direction, and under their agreements with us, are required to keep your Personal Information confidential and to use it only for providing the contractually required services. Our service providers may not use your Personal Information to market products and services



**Privacy Policy (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

to you except in conformance with applicable laws and regulations. We also may provide your Personal Information to your respective brokerage or financial advisory firm, custodian, and/or to your financial advisor or consultant.

In addition, we reserve the right to disclose or report Personal Information to non-affiliated third parties, in limited circumstances, where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities or pursuant to other legal process, or to protect our rights or property, including to enforce our Privacy Policy or other agreements with you. Personal Information collected by us may also be transferred as part of a corporate sale, restructuring, bankruptcy, or other transfer of assets.

**Security of Your Information**

We maintain your Personal Information for as long as necessary for legitimate business purposes or otherwise as required by law. In maintaining this information, we have implemented appropriate procedures that are designed to restrict access to your Personal Information only to those who need to know that information in order to provide products and/or services to you. In addition, we have implemented physical, electronic and procedural safeguards to help protect your Personal Information.

**Privacy and the Internet**

The Personal Information that you provide through our website, as applicable, is handled in the same way as the Personal Information that you provide by any other means, as described above. This section of the Policy gives you additional information about the way in which Personal Information that is obtained online is handled.

• **Online Enrollment, Account Access and Transactions:** When you visit our website, you can visit pages that are open to the general public, or, where available, log into protected pages to enroll online, access information about your account, or conduct certain transactions. Access to the secure pages of our website is permitted only after you have created a User ID and Password. The User ID and Password must be supplied each time you want to access your account information online. This information serves to verify your identity. When you enter Personal Information into our website (including your Social Security Number or Taxpayer Identification Number and your password) to enroll or access your account online, you will log into secure pages. By using our website, you consent to this Privacy Policy and to the use of your Personal Information in accordance with the practices described in this Policy. If you provide Personal Information to effect transactions on our website, a record of the transactions you have performed while on the site is retained by us. For additional terms and conditions governing your use of our website, please refer to the Investor Mutual Fund Access Disclaimer which is incorporated herein by reference and is available on our website.

• **Cookies and Similar Technologies:** Cookies are small text files stored in your computer's hard drive when you visit certain web pages. Cookies and similar technologies help us to provide customized services and information. We use these technologies on our website to improve our website and services, including to



**Privacy Policy (unaudited) (continued)**

AllianzGI Diversified Income & Convertible Fund  
AllianzGI Equity & Convertible Income Fund  
AllianzGI NFJ Dividend, Interest & Premium Strategy Fund

evaluate the effectiveness of our site, and to enhance the site user experience. Because an industry-standard Do-Not-Track protocol is not yet established, our website will continue to operate as described in this Privacy Policy and will not be affected by any Do-Not-Track signals from any browser.

**Changes to Our Privacy Policy**

We may modify this Privacy Policy from time-to-time to reflect changes in related practices and procedures, or applicable laws and regulations. If we make changes, we will notify you on our website and the revised Policy will become effective immediately upon posting to our website. We also will provide account owners with a copy of our Privacy Policy annually. We encourage you to visit our website periodically to remain up to date on our Privacy Policy. You acknowledge that by using our website after we have posted changes to this Privacy Policy, you are agreeing to the terms of the Privacy Policy as modified.

**Obtaining Additional Information**

If you have any questions about this Privacy Policy or our privacy related practices in the United States, you may contact us via our dedicated email at [PrivacyUS@allianzgi.com](mailto:PrivacyUS@allianzgi.com).

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## Edgar Filing: AllianzGI Equity & Convertible Income Fund - Form N-CSRS

### **Trustees**

Davey S. Scoon  
*Chairman of the Board of Trustees*  
Barbara R. Claussen  
Deborah A. DeCotis  
F. Ford Drummond  
A. Douglas Eu  
Bradford K. Gallagher  
James A. Jacobson  
Hans W. Kertess  
James S. MacLeod  
William B. Ogden, IV  
Alan Rappaport

### **Fund Officers**

Thomas J. Fuccillo  
*President & Chief Executive Officer*  
Lawrence G. Altadonna  
*Treasurer, Principal Financial & Accounting Officer*  
Angela Borreggine  
*Chief Legal Officer & Secretary*  
Thomas L. Harter  
*Chief Compliance Officer*  
Scott Whisten  
*Assistant Treasurer*  
Orhan Dzemaili  
*Assistant Treasurer*  
Richard J. Cochran  
*Assistant Treasurer*  
Debra Rubano  
*Assistant Secretary*

### **Investment Manager**

Allianz Global Investors Fund Management LLC  
1633 Broadway  
New York, NY 10019

### **Sub-Advisors**

Allianz Global Investors U.S. LLC  
1633 Broadway  
New York, NY 10019  
NFJ Investment Group LLC  
2100 Ross Avenue, Suite 700  
Dallas, TX 75201

### **Custodian & Accounting Agent**

Brown Brothers Harriman & Co  
50 Post Office Square  
Boston, MA 02110

### **Transfer Agent, Dividend Paying Agent and Registrar**

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219

### **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

### **Legal Counsel**

Ropes & Gray LLP  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199

*This report, including the financial information herein, is transmitted to the shareholders of AllianzGI Diversified Income & Convertible Fund, AllianzGI Equity & Convertible Income Fund and AllianzGI NFJ Dividend, Interest & Premium Strategy Fund, for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.*

*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

*Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Funds may purchase shares of their stock in the open market.*

*The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of their fiscal year on Form N-Q. Each Fund s Form N-Q is available on the SEC s website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC s Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Funds website at [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds).*

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*Information on the Funds is available at [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds) or by calling the Funds' shareholder servicing agent at (800) 254-5197.*

**Receive this report electronically and eliminate paper mailings.**

To enroll, go to [us.allianzgi.com/edelivery](http://us.allianzgi.com/edelivery).

AGI-2016-07-27-16040

Allianz Global Investors Distributors LLC

AZ601SA\_073116

ITEM 2. CODE OF ETHICS

Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing

ITEM 6. SCHEDULE OF INVESTMENTS

(a) The registrant's Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing

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ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES

None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

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ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a-3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) Not required in this filing.

(a) (2) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(a) (3) Not Applicable

(b) Exhibit 99.906 Cert. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) AllianzGI Equity & Convertible Income Fund

By: /s/ Thomas J. Fuccillo  
Thomas J. Fuccillo, President & Chief Executive  
Officer

Date: October 3, 2016

By: /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna, Treasurer,  
Principal Financial & Accounting Officer

Date: October 3, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Thomas J. Fuccillo  
Thomas J. Fuccillo, President and Chief Executive  
Officer

Date: October 3, 2016

By: /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna, Treasurer,  
Principal Financial & Accounting Officer

Date: October 3, 2016

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