

Final
Short Form

Allianz UK Equity Income Fund

For the year ended 31 August 2013

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

Investment Objective & Policy

The Fund aims to achieve high and increasing income together with capital growth.

The ACD aims to achieve the investment objective by investing in securities listed on the London Stock Exchange although it may invest internationally and in all economic sectors. It is the general intention of the ACD to invest in shares which offer above average current dividend income yield or, if not, the prospect of superior long term dividend growth. A small proportion of the Fund's investments may be held in convertibles and investment trust income shares in order to enhance the income yield.

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

Risk Profile

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

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

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

Risk and Reward Profile

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

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

Investment Review

Performance Summary: Over the 12 month period under review, 1 September 2012 to 31 August 2013, the Fund's 'A' class produced a total return of 20.7%. The Fund's benchmark, the FTSE All Share Index, produced a total return of 18.9%.*

The main drivers of the Fund's performance were conviction holdings in small and mid-cap companies, such as Britvic, Mothercare, Daily Mail & General Trust and Cineworld. In some cases we have reduced these holdings as they approached our estimates of fair value.

Market Background: Equity markets performed strongly during the year under review. This was driven by two factors: the continuation of the extremely accommodative monetary policy stance by developed world central banks; and an improvement in the economic data, initially in the US, then followed by the UK and most recently continental Europe.

Towards the end of the year, a certain tension emerged between these two drivers. With growth apparently recovering, investors began to question how long such stimulus would remain in place.

* Source: Allianz Global Investors/Datastream. Fund performance based on end of day prices, net of fees and expenses, with net revenue re-invested in Sterling. Benchmark performance based on end of day prices.

Key Facts

| | | | | |
|-----------------------|----------------------|--------|------------|------|
| Fund manager | Simon Gergel | | | |
| Launch date | 20 June 2002 | | | |
| Fund benchmark | FTSE All Share Index | | | |
| Annual charge | 1.25% | | | |
| Initial charge | ISA | 3% | Direct | 4% |
| Minimum investment | ISA | £1,000 | Direct | £500 |
| Additional investment | ISA | £1,000 | Direct | £500 |
| Regular savings plan | ISA | £200 | Direct | £50 |
| Ex dividend dates | 1 September, 1 March | | | |
| Payment dates | 31 October, 30 April | | | |
| Share classes & types | A (Income) | | C (Income) | |

Please note: The information shown above is for the 'A' share class of the Fund. 'C' shares are available, but are not currently in issue.

Ongoing Charges Figure

| | |
|----------------|-------|
| 31 August 2013 | |
| 'A' Shares | 1.40% |

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

Performance Record (price in pence)

| | High | Low |
|-------------------|-------|-------|
| Share class | A | A |
| 2008 | 287.0 | 156.6 |
| 2009 | 219.5 | 142.5 |
| 2010 | 240.0 | 199.3 |
| 2011 | 245.8 | 199.7 |
| 2012 | 242.7 | 210.8 |
| 2013 ¹ | 287.6 | 243.9 |

¹ For the period to 31 August 2013

Summary of Fund Performance

| | Net Asset Value | | Net Asset Value per share | | Change % |
|------------|-----------------|-------------|---------------------------|-------------|----------|
| | 31 Aug 2013 | 31 Aug 2012 | 31 Aug 2013 | 31 Aug 2012 | |
| | £000s | £000s | (p) | (p) | |
| 'A' Shares | 81,860 | 70,733 | 271.8 | 225.9 | 20.3 |

Summary of Distribution

| | Payment date | Net distribution per share (p) |
|------------|-----------------|--------------------------------|
| 'A' Shares | 31 October 2013 | 7.4851 |
| | 30 April 2013 | 4.6146 |

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

This was triggered by Ben Bernanke, the Chairmen of the US Federal Reserve (Fed), who hinted in a speech in May that the Fed may begin "tapering", or reducing, its asset purchases later in the year. Market volatility increased significantly following this speech. Government bond yields rose to their highest levels since 2011.

Stock market performance over the year was distinctly polarised. In the UK, the strongest performing areas were the domestic focused companies, particularly those in the cyclical consumer sector. Investor expectations for these companies rose considerably following the improvement in the outlook for the UK economy. The weakest areas were those exposed to emerging markets, in particular the mining sector. Fears around the removal of monetary stimulus and worsening economic data caused investor sentiment towards emerging markets to deteriorate considerably.

Portfolio Review: The portfolio comprises a portfolio of predominantly high yielding UK equities in order to achieve the objective of delivering high and increasing income together with capital growth. The Fund also has a limited exposure to continental European equities and we write a selective portfolio of covered call options to supplement the income stream.

The last twelve months has seen a significant revaluation of the overall market with widely divergent trends between individual stocks and sectors. This lifted certain company share prices to levels that no longer offered good value, prompting us to sell, whilst also creating other opportunities to invest in businesses offering better value.

A good example of this factor was within the more stable, defensive companies like food producers and pharmaceuticals. Over recent years, investors had pushed up the share prices of these stocks as they sought companies that could grow in difficult economic conditions. We thought that many valuations were starting to look extended, and as such we sold out of Compass and Reckitt Benckiser, and reduced Unilever, GlaxoSmithKline, British American Tobacco and other holdings.

Whilst we are still relatively cautious about the economic growth outlook in the medium term, we became increasingly willing to buy companies with an element of economic sensitivity. This reflected the wide valuation discrepancy that had opened up between perceived safer businesses and those with more cyclicality. In addition, in a number of instances, we believed that companies were near the trough in their individual business or industry cycles and therefore the combination of recovery potential and modest valuation was attractive. Industrial real estate is one example, where asset values remain depressed both in absolute terms and relative to prime real estate. We added Hansteen and Segro to the portfolio. Both companies have exposure to industrial real estate, and have management teams that are driving operational improvements to the assets.

Outlook: The UK economy is currently showing some of the strongest signs of recovery since the global financial crisis. The housing market is recovering and confidence is generally improving. However, we remain wary that the high debt will

Classification of Investments

| Ten Largest Holdings as at 31 August 2013 | (%) |
|-------------------------------------------|--------------|
| Royal Dutch Shell 'B' Shares | 6.52 |
| GlaxoSmithKline | 5.93 |
| HSBC | 5.70 |
| BP | 5.15 |
| BAE Systems | 3.32 |
| BHP Billiton | 2.96 |
| Resolution | 2.85 |
| Pennon | 2.78 |
| United Business Media | 2.51 |
| British American Tobacco | 2.40 |
| Total | 40.12 |

| Sector Breakdown as at 31 August 2013 | (%) |
|----------------------------------------|---------------|
| Aerospace & Defence | 4.23 |
| Banks | 5.70 |
| Beverages | 1.80 |
| Construction & Materials | 3.49 |
| Electricity | 2.40 |
| Financial Services | 6.18 |
| Fixed Line Telecommunications | 0.98 |
| Food & Drug Retailers | 4.12 |
| Food Producers | 0.00 |
| Gas, Water & Multiutilities | 5.10 |
| General Financial | 2.85 |
| General Industrials | 1.33 |
| General Retailers | 2.68 |
| Household Goods | 0.00 |
| Industrial Transportation | 1.12 |
| Media | 6.10 |
| Mining | 2.96 |
| Mobile Telecommunications | 4.27 |
| Non-Life Insurance | 0.96 |
| Oil Equipment, Services & Distribution | 0.00 |
| Oil & Gas Producers | 11.67 |
| Pharmaceuticals & Biotechnology | 5.93 |
| Real Estate Investment Trust | 3.61 |
| Support Services | 4.53 |
| Tobacco | 2.40 |
| Travel & Leisure | 6.76 |
| France Equities | 2.27 |
| Germany Equities | 0.86 |
| Ireland Equities | 1.51 |
| Luxembourg Equities | 0.00 |
| Netherlands Equities | 1.05 |
| Norway Equities | 0.93 |
| Spain Equities | 0.78 |
| UK Call Options | (0.03) |
| Net other assets | 1.46 |
| Net Assets | 100.00 |

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

Over the year the strategy has accrued additional revenue of £200,000 (2012 - £271,000).

| Ten Largest Holdings as at 31 August 2012 | (%) |
|-------------------------------------------|--------------|
| BP | 6.39 |
| Royal Dutch Shell 'B' Shares | 6.32 |
| GlaxoSmithKline | 6.31 |
| HSBC | 6.08 |
| BAE Systems | 3.81 |
| Vodafone | 3.59 |
| Reed Elsevier | 3.46 |
| United Business Media | 2.78 |
| Unilever | 2.72 |
| Resolution | 2.66 |
| Total | 44.12 |

| Sector Breakdown as at 31 August 2012 | (%) |
|----------------------------------------|---------------|
| Aerospace & Defence | 5.48 |
| Banks | 6.08 |
| Beverages | 1.62 |
| Construction & Materials | 3.27 |
| Electricity | 2.18 |
| Financial Services | 4.07 |
| Fixed Line Telecommunications | 2.26 |
| Food & Drug Retailers | 2.40 |
| Food Producers | 2.72 |
| Gas, Water & Multiutilities | 4.38 |
| General Financial | 2.66 |
| General Industrials | 1.26 |
| General Retailers | 1.08 |
| Household Goods | 2.21 |
| Industrial Transportation | 1.37 |
| Media | 8.58 |
| Mining | 1.71 |
| Mobile Telecommunications | 5.30 |
| Non-Life Insurance | 1.81 |
| Oil Equipment, Services & Distribution | 0.64 |
| Oil & Gas Producers | 12.71 |
| Pharmaceuticals & Biotechnology | 6.31 |
| Real Estate Investment Trust | 1.43 |
| Support Services | 1.77 |
| Tobacco | 3.30 |
| Travel & Leisure | 5.54 |
| France Equities | 1.56 |
| Germany Equities | 1.45 |
| Ireland Equities | 0.00 |
| Luxembourg Equities | 0.77 |
| Netherlands Equities | 0.75 |
| Norway Equities | 0.00 |
| Spain Equities | 1.05 |
| UK Call Options | (0.07) |
| Net other assets | 2.35 |
| Net Assets | 100.00 |

Allowing for the change in market value of option positions and the opportunity cost of any option exercises, the net contribution to the Fund over the year was £(189,000) (2012 - £110,000).

As at 31 August 2013, the Fund had outstanding options positions with a market value of £(29,000) (2012 - £(52,000)), resulting in an underlying exposure to 4.5% (2012 - 8.1%) of the portfolio (valued at strike prices).

restrain activity in the medium term and keep growth below the longer term trend.

The outlook in the US is broadly similar to the UK. In Europe, Germany has been fairly resilient and there are tentative signs of recovery in the weaker regions. However, this recovery is at an earlier stage than in the UK and remains vulnerable to further stresses in the financial system. Elsewhere, Japan is performing better although it is unlikely to drive global activity. Emerging markets look particularly uncertain with Brazil and India slowing rapidly. China is also showing significant strains as it attempts to rebalance the economy from investment led to consumer led whilst pulling back on the shadow banking system. Although Chinese demand is uncertain, it remains the key to many commodity markets.

The stock market has been revalued significantly over the last year, and within the market there is now a far greater polarisation of valuations. Whilst higher quality, defensive growth stocks have been highly valued for a while, many cyclical stocks have now also risen to fuller valuations amid hopes of economic recovery. Conversely mining and oil stocks have languished and now trade at more depressed levels. We are finding fewer new investment ideas, with many stocks in the portfolio and market having appreciated. However, we remain alert to potential opportunities created by market volatility and individual company circumstances. We see specific opportunities in certain sectors such as media, speciality financials, construction and non-prime real estate. We have limited exposure to the more defensive growth sectors like food producers, beverages and household products where valuations look stretched. The portfolio also has little allocated to domestic banks or the mining industry, both sectors where risks remain high although valuations are more interesting.

20 September 2013

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

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

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

Further Information

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

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

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

Authorised Corporate Director (ACD): Allianz Global Investors (UK) Limited, 155 Bishopsgate, London EC2M 3AD

Depository: J.P. Morgan Trustee and Depository Company Limited, Chaseside, Bournemouth BH7 7DA

Independent Auditors: PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT

Registrar of Shareholders: International Financial Data Services (UK) Limited, IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS

Investor Services: 0800 317 573
investor.services@allianzgi.co.uk

Allianz Global Investors (UK) Limited
155 Bishopsgate
London EC2M 3AD

Phone: 0800 317 573
Fax: 020 7638 3508
www.allianzglobalinvestors.co.uk