Allianz UK & European Investment Funds

Interim Report and Financial Statements (unaudited)
28 February 2023

Allianz Global Investors

Allianz
Global Investors

Contents

* Collectively, these comprise the ACD's Report.

Company Information

Status of the Allianz UK & European Investment Funds

Allianz UK & European Investment Funds (the "Company") is an Open-Ended Investment Company with Variable Capital under Regulation 12 of the Open-Ended Investment Companies Regulations 2001. It was incorporated in England and Wales under registered number IC 120 and authorised and regulated by the Financial Conduct Authority on 20 August 2001. The Company has been certified by the Financial Conduct Authority as complying with the conditions necessary for it to enjoy the rights conferred by the EC Directive on Undertakings for Collective Investment in Transferable Securities. The Company has an unlimited duration.

The Company is an umbrella company comprising various subfunds, each of which is operated as a distinct fund, with its own portfolio of investments. Each subfund is a UCITS scheme which complies with COLL 5 of the Financial Conduct Authority's Collective Investment Scheme Sourcebook ("COLL").

On 21 December 2011, the Open Ended Investment Companies Regulations 2011 (as amended) ("the Regulations") were amended to introduce a Protected Cell Regime for OEICs. Under the Protected Cell Regime, each subfund represents a segregated portfolio of assets and accordingly, the assets of a subfund belong exclusively to that subfund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other subfunds and shall not be available for such purpose.

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

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

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

Securities Financing Transactions Regulation

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

Company Information continued

Authorised Corporate Director ("ACD")

Allianz Global Investors GmbH, UK Branch

199 Bishopsgate
London EC2M 3TY

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

A member of The Investment Association

Independent Auditors

PricewaterhouseCoopers LLP

144 Morrison St
Edinburgh EH3 8EX

Registrar of Shareholders

SS&C Financial Services Europe Limited

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

Authorised and regulated by the Financial Conduct Authority

Depository

State Street Trustees Limited

20 Churchill Place
London E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

Investment Advisers

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

Allianz Global Investors GmbH, UK Branch

199 Bishopsgate, London EC2M 3TY

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

A member of The Investment Association

Allianz Continental European Fund &
Allianz European Equity Income Fund

Allianz Global Investors GmbH

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

Regulated by Bundesanstalt für Finanzdienstleistungsaufsicht in Germany

General Information

Investing in Open-Ended Investment Companies ("OEICs")

An OEIC is a collective investment vehicle that allows investors to pool their money to obtain a spread of investments and thus reduce their risk in the financial markets of the world without incurring the costs associated with investing individually. It allows investors access to the expertise of professional investment managers (the ACD, the Investment Advisers and other companies within the Allianz group may from time to time, act as investment managers), who manage the underlying investments of the subfunds on a day to day basis.

Investors are allocated shares in proportion to the size of their investment. The price of these shares is calculated by reference to the value of the underlying investments held by the subfund, and can fluctuate according to the movements within the portfolio of investments.

Subfunds have one price per share class which applies regardless of whether investors are buying or selling the shares. The charges for investing are shown separately on the contract note, which makes it easier to see the exact cost of investment.

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

Dilution levy

The ACD is allowed (under Financial Conduct Authority regulations) to make a dilution levy provision as part of an entry or exit fee but does not expect to charge this levy frequently.

The policy is to charge a dilution levy on large deals and in accordance with the Prospectus and the Financial Conduct Authority regulations, to pay this levy into the individual subfunds. The ACD will charge a dilution levy where a subfund is experiencing large levels of net purchases relevant to its size, large levels of net redemptions relevant to its size or on any large deals. Historically, the ACD has not charged a dilution levy frequently.

Statement of the Authorised Corporate Director's Responsibilities

The Financial Statements are prepared in accordance with UK generally accepted accounting principles and applicable accounting standards. The ACD is responsible for keeping such accounting records as are necessary to enable it to ensure that the Financial Statements comply with the Financial Conduct Authority ("FCA") regulations and The Statement of Recommended Practice 'Financial Statements of UK Authorised Funds 2014' issued by the Investment Management Association (now The Investment Association) "IMA SORP" and Amendments to the SORP issued in June 2017.

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

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

(i) For each subfund:

- the full Financial Statements for the annual accounting year which must be prepared in accordance with the requirements of the IMA SORP;
- the report of the ACD in accordance with the COLL requirements; and
- the comparative table in accordance with the COLL requirements.

(ii) the report of the Depository in accordance with the COLL requirements;

(iii) the report of the Auditors in accordance with the COLL requirements.

In preparing the Financial Statements the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

(i) For each subfund:

- the full Financial Statements for the half-yearly accounting period which must be prepared in accordance with the requirements of the IMA SORP; and
- the report of the ACD in accordance with the COLL requirements.

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

Accounting Policies and Financial Risk Management

1. Accounting policies

Basis for preparation

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

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

All accounting and distribution policies are consistent with the most recent annual Financial Statements, 31 August 2022.

2. Financial Risk Management

The subfunds are exposed to financial risk through their financial assets and financial liabilities.

The main risks arising from these are market price risk, liquidity risk, foreign currency risk, credit risk, interest rate risk, derivatives risk and counterparty risk. The risk profile and the policies adopted to manage risk did not change materially during the current and preceding period.

The narrative below explains the different types of risks the subfunds may face.

This information is given so that investors can decide for themselves whether their investment is high or low risk. It also allows them to assess what kind of impact the use of financial instruments (investments, cash/overdraft and borrowings) will have on the performance of the subfund.

The subfunds financial instruments, excluding short-term debtors and creditors, comprise investments and bank balances. The purpose for holding the financial instruments is to meet the individual investment objective. Short-term debtors and creditors are not considered to be financial instruments.

Market price risk

Market price risk arises mainly from the uncertainty about future prices of financial instruments held. It represents the potential loss the subfunds might suffer through holding market positions in the face of price movements.

A dedicated fund manager has the responsibility for monitoring the existing portfolio selection in accordance with the subfund's investment objective and seeks to ensure that individual stocks meet an acceptable risk reward profile.

Liquidity risk

Liquidity risk relates to the capacity to meet liabilities.

The assets of each subfund mainly comprise of realisable securities, which can be sold to meet funding requirements if necessary. Short-term flexibility can be achieved through the use of overdraft facilities where necessary.

Foreign currency risk

Foreign currency risk is the risk of movement in the value of overseas financial instruments as a result of fluctuations in exchange rates.

All or part of a subfund's investments may be denominated in currencies other than sterling, therefore both the value of the investments and the revenue from them can be affected by currency movements.

For the Allianz Strategic Bond Fund, Allianz Index-Linked Gilt Fund and the Allianz Gilt Yield Fund, the fund manager seeks to minimise this risk by hedging using forward currency contracts as and when deemed appropriate. For the other subfunds, no hedge transactions were entered into during the period.

Accounting Policies and Financial Risk Management continued

Credit risk

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

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

The Allianz Strategic Bond Fund may invest in what are considered to be riskier bonds (below investment grade). This increases the risk of default and could affect both the revenue and capital value of the subfund. The subfund therefore has significant exposure to credit risk.

The Allianz Gilt Yield Fund and Allianz Index-Linked Gilt Fund, which predominantly holds UK fixed rate government bonds, and the remaining subfunds which predominantly hold equities, have minimal exposure to credit risk.

Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

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

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

Derivative risk

Derivatives may be used for the purposes of Efficient Portfolio Management (EPM). EPM restricts the use of derivatives to the reduction of risk, the reduction of cost and the generation of additional capital or revenue with an acceptably low level of risk. EPM transactions must be economically appropriate and the exposure fully covered. The Allianz UK Listed Equity Income Fund may write covered call options up to 20% of the Net Asset Value of the subfund (at the time of writing) as part of its EPM strategy.

Where the investment objective risk profile permits, derivative transactions may be used for the purposes of meeting the investment objective of the relevant subfund as well as for EPM. For the purpose of clarity, the use of derivatives for EPM purposes should not lead to an increase in risk to the subfund. However, derivatives when used to implement investment policies, may increase volatility of the subfund's share price. The Allianz Gilt Yield Fund and Allianz Strategic Bond Fund utilise derivatives to implement the investment policy.

Counterparty risk

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

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

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

Accounting Policies and Financial Risk Management continued

Risk and Reward Profile

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

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

This risk and reward indicator is based on past performance data and calculated in accordance with European legislation. It may not be a reliable indication of the future risk profile of the subfund. The categorisation of the subfund is not guaranteed and may change in the future. Even the lowest category 1 does not mean a risk-free investment.

Why is the subfund in this category?

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

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

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

Fund Information

Investment Objective and Policy

The investment objective of the Allianz Continental European Fund is to provide investors with capital growth aiming to outperform (net of fees), the target benchmark, the S&P Europe Ex-UK LargeMidCap Growth Index Net Total Return GBP[1)] over a rolling five year period.

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

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

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

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

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

Fund Details

Fund Manager	Marcus Morris-Eyton and Darina Valkova	
Benchmark	S&P Europe Ex-UK LargeMidCap Growth Index Net Total Return GBP.	
Income allocation date	Interim	28 February*
	Final	31 August
Income pay dates	Interim	30 April
	Final	31 December (normally by 31 October)
Launch dates	Fund	16 May 2002
	A Shares	16 May 2002
	C Shares	18 April 2012
	S Shares (Acc)	26 January 2016
	S Shares (Inc)	27 July 2020
	S Shares(EUR)	15 March 2021
ISA status	Yes	
Share Classes and types of Shares	A (Accumulation Shares)	
	C (Accumulation Shares)	
	S (Accumulation Shares)	
	S (Income Shares)	
	S (Income Shares)(EUR)	
Minimum investment	A Shares	Lump sum £500
		Monthly saving £50
	C Shares	Lump sum £500
		Monthly saving £50
	S Shares	Lump sum £10,000,000
		Available to Approved Investors only
	S Shares(EUR)	Lump sum £10,000,000
		Available to Approved Investors only
Initial charge	A Shares	Nil
	C Shares	Nil
	S Shares	Nil
Annual ACD fee	A Shares	1.50%
	C Shares	0.75%
	S Shares	0.45%
	S Shares(EUR)	0.45%

*29 February in a leap year.

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares Accumulation	28 February 2023	1,270	73,238	1733.88
C Shares Accumulation	28 February 2023	144,396	48,536,157	297.50
S Shares Income	28 February 2023	5,598	5,216,554	107.31
S Shares Accumulation	28 February 2023	81,821	39,901,798	205.06
S EUR Shares Income	28 February 2023	549	657,978	83.37

Operating Charges

Share Class	Year Ended	(%)
A Shares Accumulation	31 August 2022	1.54
C Shares Accumulation	31 August 2022	0.79
S Shares Income	31 August 2022	0.49
S Shares Accumulation	31 August 2022	0.48
S EUR Shares Income	31 August 2022	0.48

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
A Shares Accumulation	31 October 2022	-
	30 April 2023	-
C Shares Accumulation	31 October 2022	1.0207
	30 April 2023	-
S Shares Income	31 October 2022	0.7229
	30 April 2023	0.0496
S Shares Accumulation	31 October 2022	1.3553
	30 April 2023	-
S EUR Shares Income	31 October 2022	0.6823
	30 April 2023	0.0402

Please note: Investors are reminded that the accumulation classes distribute annually and the income classes distribute bi-annually.

Investment Review

Performance Summary

Over the six-month period under review, from 1st September 2022 to 28th February 2023, the Fund's 'A' class produced a total return of 11.0% and 'C' shares produced a total return of 11.8% (midday prices net of fees in GBP). The Fund's benchmark, S&P Europe ex UK Growth Total Return, produced a total return of 10.2% over the period.

Allianz Continental European Fund outperformed its benchmark over the six-month period, as sentiment improved since fourth quarter, with the market looking through rising rates and pending macro weakness to later in the cycle.

Value has been enjoying higher returns in the broad market recovery, however there is a case for our superior Quality, structural Growth approach offering more resilient earnings, in a potentially weaker macro environment. The Q4 earnings season was also helpful. Considering the 95% of US firms that reported to date, or 75% of Europe, revenue growth surprised positively at +6% and +15% year-on-year respectively. Margins and profits weakened however, and if we exclude the especially strong Energy sector, EPS growth stands at -7% for the US and -3% in Europe. Helping to insulate our companies has been their pricing power, and numerous order books at record levels. Of the limited cases of earnings pressure in the portfolio, we mostly saw lower demand and inventory destocking as markets normalise post the Pandemic. A few of our higher conviction names missed after reinvesting back into growth, spending more on marketing (LVMH, luxury) or hiring talent (Dassault Systemes, engineering software and Adyen, payments). In turn, numerous holdings are already citing market share gains, including our top three contributor DSV (logistics). Infineon was the best active contributor to the six-month period, with Management raising long-term growth guidance from 9% to 10%. Detracting most from performance was Sartorius Stedim Biotec (biopharma), impacted by Covid-19 normalisation and destocking effects. The update to mid-term guidance was encouraging however, with an increased 2025 sales outlook suggesting a 12% sales CAGR for 2024.

We believe the market will remain sentiment driven and volatile until interest rates stabilise, where the exact rate seems less important than finding an equilibrium. That should see investors refocus on fundamentals, where our companies shine.

Market Background

Continental European equities delivered strong gains over the six-month period, climbing over 20% after an initial plunge in September.

Sentiment was buoyed by growing hopes that the region may avoid a recession, with the fall in natural gas prices and higher-than-normal gas storage levels for the time of year contributing to the positive tone. Performance at a sector level was mixed: financials and industrials companies posted solid gains, while consumer staples and real estate stocks sold off the most.

The Eurozone economy proved more resilient than expected in the fourth quarter of 2022, with GDP growing 0.1% as modest contractions in Germany and Italy were offset by expansions in France and Spain. The flash estimate of S&P Global's Eurozone composite purchasing managers' index (PMI) continued to rise, reaching 52.3 in February after moving back into expansion territory (50.3) for the first time in six months in January. Services activity picked up to an eight-month high, although manufacturing activity deteriorated slightly. Meanwhile, the annual rate of Eurozone inflation fell to 8.6% in January, the lowest level since June 2022. However, early estimates of inflation data in France and Spain suggested that inflation had accelerated for the second consecutive month in February.

As widely expected, the European Central Bank (ECB) raised rates by 50 basis points (bps) to 3.0% in early February. ECB president Christine Lagarde promised to "stay the course" in the fight against inflation. A further 50 bps hike is expected in March and policymakers have also signaled that further significant increases may be required to bring inflation back to target.

Portfolio Review

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

Investment Review continued

During the past 6 months, we have not meaningfully adjusted our positioning, with our fundamentals still robust and 3-5 year structural cases intact. Trading activity has mostly involved numerous small trims and adds here and there, to existing holdings, taking advantage of valuation opportunities within our style. Turnover (12M) stands at 17.7% to end of February. No new holdings were added over the last six months, while GN Store was exited on lowered conviction.

Outlook

Despite being well into a new year, the dominant theme for equity markets in 2023 continues to be the influence of inflation and interest rates. The hawkish tone from February's central bank meetings has reversed some of January's exuberance, as have less optimistic views on China's economic reopening. Ultimately, the complexity of current macroeconomic data only serves to reinforce our conviction that short-term portfolio positioning around such predictions is an effort best avoided.

The outlook for inflation remains ambiguous. On the one hand, US CPI has fallen to its lowest level since October 2021, reaching an annualised rate of 6.5%, and data are similarly cooling in Europe. On the other, much of this decline can be attributed to the lapping effect of last year's high energy prices and covid-fuelled supply chain issues. Services inflation meanwhile continues to follow a stubbornly upward trajectory. With the bulk of this consisting of wages, and unemployment stubbornly low, the Fed is likely to view its mission as not yet complete.

The global economy is giving similarly mixed signals. Global purchasing manager indices (PMIs), have now returned to above 50 - the threshold between recession and expansion - for the first time in six months. Europe in particular, is benefitting from better than feared energy supply, warmer weather and China's reopening. Annual growth is now expected to reach 3.5%. However, initial optimism around China's reopening has cooled as market participants await the conclusion of March's National People's Congress. This will include GDP targets and any potential stimulus measures. Ultimately, for companies the task continues to be that of balancing higher input costs (including wages) with the prospect of softer demand and interest rates at a level not seen for over a decade. Q4 numbers already suggest that we have seen peak profitability at an aggregate level. Within the portfolio, we are reassured by holdings which show they are capable of bucking this trend, with DSV, Dassault Systeme and Legrand all recently reporting results which strongly beat expectations.

Whether it takes the form of a hard or soft landing, central banks are committed to orchestrating some level of economic pullback in order to tame inflation. For as long as sentiment is dictated by estimates about when and how this will have been achieved, equities will remain volatile in the short-term. Yet further tightening and economic weakness should favour our positions in quality companies with sticky revenues, pricing power and exposure to structural growth. These should be well rewarded once fundamentals come back into focus.

Portfolio Statement

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	OVERSEAS EQUITIES - 99.47% (2022 - 99.78%)		
	Denmark - 19.95% (2022 - 20.74%)		
247,608	Ambu	3,001	1.28
62,151	Chr Hansen	3,579	1.53
71,593	Coloplast	6,855	2.93
90,305	DSV	13,605	5.82
96,785	Netcompany	2,774	1.19
134,384	Novo Nordisk	15,845	6.78
16,510	SimCorp	979	0.42
		46,638	**19.95**
	France - 14.74% (2022 - 15.19%)		
173,932	Dassault Systemes	5,567	2.38
45,406	Legrand	3,486	1.49
20,041	L'Oréal	6,641	2.84
18,546	LVMH Moet Hennessy Louis Vuitton	12,910	5.53
21,094	Sartorius Stedim Biotech	5,848	2.50
		34,452	**14.74**
	Germany - 14.51% (2022 - 13.91%)		
29,182	adidas	3,606	1.54
69,500	Bechtle	2,422	1.04
22,406	Carl Zeiss Meditec	2,507	1.07
290,884	Infineon Technologies	8,580	3.67
45,778	Knorr-Bremse	2,627	1.12
51,749	Nemetschek	2,419	1.04
2,718	Rational	1,482	0.63
47,627	SAP	4,490	1.92
27,736	Symrise	2,356	1.01
103,565	Zalando	3,435	1.47
		33,924	**14.51**
	Ireland - 4.91% (2022 - 5.65%)		
35,432	DCC	1,623	0.69
37,506	Kerry	2,968	1.27
107,422	Kingspan Dublin Quoted	5,830	2.50
19,238	Kingspan London Quoted	1,042	0.45
		11,463	**4.91**
	Italy - 2.23% (2022 - 2.21%)		
162,903	Amplifon	3,946	1.69
61,178	De' Longhi	1,259	0.54
		5,205	**2.23**
	Luxembourg - 0.53% (2022 - 0.61%)		
21,234	Eurofins Scientific	1,247	0.53
		1,247	**0.53**
	Netherlands - 11.36% (2022 - 11.07%)		
6,154	Adyen	7,252	3.10
37,002	ASML	19,290	8.26
		26,542	**11.36**
	Spain - 1.02% (2022 - 0.84%)		
93,297	Industria de Diseno Textil	2,389	1.02
		2,389	**1.02**
	Sweden - 15.42% (2022 - 14.05%)		
178,049	AddTech	2,663	1.14
323,465	Assa Abloy	6,523	2.79
698,848	Atlas Copco	6,858	2.94
200,667	Elekta	1,297	0.56
432,135	Epiroc	6,764	2.90
488,035	Hexagon	4,488	1.92
473,743	Hexpol	4,313	1.85
143,423	Trelleborg	3,084	1.32
		35,990	**15.42**
	Switzerland - 14.80% (2022 - 15.51%)		
334	Chocoladefabriken Lindt & Sprüngli	3,062	1.31
11,110	DAE	1,845	0.79
17,397	Kardex	2,680	1.15
6,905	Lonza	3,460	1.48
7,813	Partners	6,218	2.66

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
44,816	Sika	10,448	4.48
18,480	Temenos	1,134	0.49
22,776	VAT	5,693	2.44
		34,540	**14.80**
	Investment assets	232,390	99.47
	Net other assets	1,244	0.53
	Net assets	**233,634**	**100.00**

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Comparative figures show percentages for each category of holding at 31 August 2022.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital gains/(losses)		32,140		(80,228)
Revenue	884		786	
Expenses	(877)		(1,231)	
Interest payable and similar charges	-		-	
Net revenue/(expense) before taxation	7		(445)	
Taxation	(95)		(39)	
Net expense after taxation		(88)		(484)
Total return before distributions		32,052		(80,712)
Distributions		(30)		1
Change in net assets attributable to shareholders from investment activities		32,022		(80,711)

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		280,946		375,846
Amounts receivable on issue of shares	3,893		47,773	
Amounts payable on cancellation of shares	(83,237)		(10,065)	
		(79,344)		37,708
Dilution adjustment		10		-
Change in net assets attributable to shareholders from investment activities (see above)		32,022		(80,711)
Retained distributions on accumulation shares		-		-
Closing net assets attributable to shareholders		233,634		332,843

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim Financial Statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the 'Distributions' figure includes 'Revenue received on creation of shares' and 'Revenue deducted on cancellation of shares'.

Balance Sheet

As at 28 February 2023 (unaudited)

	28 February 2023 £000s	28 February 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets:				
Fixed assets:				
Investments		232,390		280,321
Current assets:				
Debtors	2,202		579	
Cash and bank balances	1,943		1,271	
Total assets		**236,535**		**282,171**
Liabilities:				
Creditors:				
Distribution payable	(3)		(56)	
Other creditors	(2,898)		(1,169)	
Total liabilities		**(2,901)**		**(1,225)**
Net assets attributable to shareholders		**233,634**		**280,946**

Fund Information

Investment Objective and Policy

The objective of the Fund is to maximise total return, consistent with preservation of capital and prudent investment management, primarily through investment in United Kingdom Government Securities.

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

The ACD will adopt a policy of active management and may invest in gilts, overseas government bonds, government guaranteed bonds, supranational bonds, deposits, money market instruments and derivatives. The Fund may also invest in collective investment schemes.

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

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

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

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

Fund Details

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

*29 February in a leap year.

C Shares closed on 3 July 2020.

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
C Shares Income	28 February 2023	N/A	N/A	N/A
I Shares Income	28 February 2023	1,256,057	863,535,437	145.46
Y Shares Accumulation	28 February 2023	41	954	4,253.40

Operating Charges

Share Class	Year Ended	(%)
C Shares Income	31 August 2022	N/A
I Shares Income	31 August 2022	0.32
Y Shares Accumulation	31 August 2022	0.35

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
C Shares Income	31 October 2022	N/A
	30 April 2023	N/A
I Shares Income	31 October 2022	1.1463
	30 April 2023	1.6819
Y Shares Accumulation	31 October 2022	31.8295
	30 April 2023	46.9497

Share Class C Income was closed on 3 July 2020.

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

Investment Review

Performance Summary

Over the period under review, 1st September 2022 to 28th February 2023, the Fund's 'I Inc' class produced a total return of -7.49%. The Fund's benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks (Midday) Index, produced a total return of -6.99% over the period.

Market Background

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

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

While not nearly as volatile, the months following the mini-budget crisis still saw large swings in gilt yields with the 10-year benchmark conventional gilt yield trading as low as 3.0% in November and closing the year at a high of 3.7%. Both the conventional and index-linked gilt curves flattened significantly over the period with the yield of the 2-year index-linked gilt rising by around 1.6% compared to the rise of 0.5% of its 10-year counterpart. Similarly, the breakeven inflation curve (i.e., the difference between nominal and index-linked gilt yields) sharply flattened, insomuch that longer-end market-implied inflation rates were trading below the shorter-end indicating an inverted curve.

The Bank of England continued its hiking cycle in the last quarter of the year by raising rates by 1.25%, which included an increase by 0.75% in the November meeting – the largest hike in a single meeting since 1989 – as it tried to tame inflation which reached a 41-year high of 11.1% in October.

The new year was mixed for gilts as January saw positive performance for the asset class before yields again rose in February causing gilt prices to fall – the yield of the 10-year conventional gilt increased by around 0.4% over the month. The S&P Global/CIPS flash UK composite PMI rallied to an eight-month high in February; while this boosted hopes that the UK may avoid a prolonged recession in 2023, it also increased the possibility of further UK rate hikes. Meanwhile, headline UK inflation fell to a five-month low of 10.1% in January, and the UK and EU finally agreed on replacing the Northern Ireland protocol.

Portfolio Review

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

Duration

The Fund has been long global rate duration since Q2 2022, where we have believed that being long the belly (15- to 30-year maturities) of the rates curve is one of the best ways express our macro view that the global economy will enter a deep recession, with the growing potential of financial crises. However, we have generally not reflected this via long positions in UK gilts, preferring to express our long bias via our cross-market strategy, given the economic uncertainty and risk of another UK upside inflation shock. Our duration overweight versus our benchmark increased slightly from +1.5 years at the beginning of September to +1.8 years as of 28 February 2023.

Duration was a negative contributor to returns over the period as yields increases caused gilt prices to fall across the curve in both UK Gilts and in overseas markets.

Curve positioning

We have maintained our bias for curve steepening, expecting longer-end gilt yields to rise more than their shorter-end

Investment Review continued

counterparts. Our largest overweight exposure was in the belly of the curve, whilst maintaining an underweight exposure versus our benchmark in both the front end and the very long end.

We have particularly disliked long and ultra-long dated conventional gilts, as the gilt yield curve appeared too flat to us, given the substantial upcoming expected supply which will pressure yields upwards. We have expected net supply of long gilts to jump on the back of:

a) UK fiscal stimulus resulting in the need for more gilts supply

b) UK economic growth disappointing, resulting in less tax receipts and more borrowing

c) Solvency II rule changes, which encourages insurers to own fewer long dated gilts

d) Likelihood of the Bank of England (BoE) embarking on quantitative tightening, although the BoE has stressed this would only happen if markets were orderly, so we never considered it a given.

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

Relative Value

In December, we switched out of the UK gilt maturing in October 2029 into the gilt maturing in January of the same year, with a slightly shorter duration, picking up around 10 basis points of additional yield. In January, we conducted a butterfly trade, selling the gilt maturing in 2039, against buying the 2038 and 2046 maturing gilts. We added another butterfly trade in February, selling the 2034 maturity gilt, against buying the 2029 and 2038 maturing gilts.

Inflation

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

Cross Market

As outlined earlier, we have preferred expressing our relative duration overweight against our benchmark via our cross-market strategy instead of holding UK gilts. Hence, we maintained our exposure in overseas government bond markets such as the US, Australia, and Sweden.

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

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

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

Outlook

Our base case view since April 2022 has been for the global economy to enter recession (i.e., a hard landing). The basis of this view is that the exceptionally rapid pace of monetary tightening that properly began in Q2 2022 will ultimately cause a global recession. In our view, the only reason we are not already in recession is because of the lags, where it typically takes around 12 months for changes in interest rates to have their full effect on the economy. By way of illustration, Bank of England (BoE) policy maker Silvana Tenreyro estimated in February that only 1/5 of the rise in UK borrowing costs has yet had any impact on the UK economy, and bear in mind that the BoE was one of the earliest developed market central banks to begin hiking back in December 2021 and February 2022.

Investment Review continued

Contrary to the current consensus narrative and market pricing, we do not interpret the spate of stronger data as an indication that the global economy has passed the worst, or that the moderate rebound in growth necessitates a much stronger reaction from central banks. The rebound in US data can in large part be attributed to weather, where January and February were considerably warmer than usual. The boost to European growth from the sharp fall in gas prices seen since August probably won't last much into Q2, given drops in commodity prices tend to lead economic growth by 5-6 months. And China has – finally – changed its economic model, where stimulating the economy does not mean pumping credit growth and driving real estate investment higher, the implication being that China reopening will likely have a far smaller impact on global growth than in previous Chinese upswings, which is what is already being implied by a continued fall in commodity prices. We therefore very much see the better growth data as a temporary phenomenon.

What's more, there is already substantial evidence that some of the rate hikes are already biting in large interest rates sensitive areas, most notably the housing market. Lags between policy rates and economic activity vary across different regions, but the biggest housing market impact has been in the countries whose central banks tightened policy particularly aggressively from Q2 2022 (e.g., Canada), and/or where the lags between rates and house prices are shorter (e.g., in Sweden, due to a greater proportion of short term variable rate mortgages). Other housing markets are not immune, it's just that the lags are slightly longer owing to more fixed rate mortgages. It is the marginal buyer and seller that drives house prices.

We are also seeing growing caution in the banking sector, where lending standards have tightened to levels normally associated with recessions. Sharp drops in banks' deposits, as savers withdraw cash in favour of higher yielding money market funds or government bonds, suggests that the economy is indeed reacting to higher rates as you'd. A drop in bank deposits should lead to credit growth shrinking (and it is already shrinking, as implied by money supply data). And there is even evidence that the contraction in credit availability is causing bankruptcies to start to climb for smaller companies that are reliant on floating rate bank funding via loans, even if public credit markets are not seeing distress yet.

Portfolio Statement

As at 28 February 2023

Nominal		Market Value £'000	% of Net Assets
	Australian Dollar Denominated Fixed Rate Government Bonds - 3.30% (2022 - 1.96%)		
31,900,000	Australia Government Bond 1.75% 21/11/2032	14,738	1.17
26,945,000	Australia Government Bond 2.75% 21/05/2041	12,272	0.98
22,850,000	Australia Government Bond 3% 21/03/2047	10,327	0.82
8,230,000	Australia Government Bond 3.25% 21/06/2039	4,098	0.33
		41,435	3.30
	Canadian Dollar Denominated Fixed Rate Government Bonds - 0.00% (2022 - 6.64%)		
	Norwegian Krone Denominated Fixed Rate Government Bonds - 0.69% (2022 - 0.68%)		
121,850,000	Norway Government Bond 2.125% 18/05/2032	8,695	0.69
		8,695	0.69
	Sterling Denominated Fixed Rate Corporate Bonds - 8.53% (2022 - 3.45%)		
25,709,000	European Bank for Reconstruction & Development 5.625% 07/12/2028	27,257	2.17
9,973,000	International Bank for Reconstruction & Development 1% 21/12/2029	8,082	0.64
9,973,000	International Bank for Reconstruction & Development 5.75% 07/06/2032	11,042	0.88
4,987,000	Kreditanstalt fuer Wiederaufbau 0.125% 30/12/2026	4,247	0.34
6,001,000	Kreditanstalt fuer Wiederaufbau 1.375% 09/12/2024	5,676	0.45
12,240,000	Kreditanstalt fuer Wiederaufbau 5.5% 18/06/2025	12,513	1.00
10,000,000	Landwirtschaftliche Rentenbank 0.875% 15/12/2026	8,800	0.70
9,973,000	LCR Finance 4.5% 07/12/2028	10,070	0.80
20,000,000	Nordic Investment Bank 1.125% 15/12/2023	19,460	1.55
		107,147	8.53
	Sterling Denominated Fixed Rate Government Bonds - 81.65% (2022 - 81.29%)		
59,067,000	UK Treasury 0.125% 31/01/2024	56,981	4.54
194	UK Treasury 0.125% 31/01/2028	-	-
133,089,500	UK Treasury 0.25% 31/01/2025	123,636	9.84
123,162,500	UK Treasury 0.375% 22/10/2026	108,860	8.67
22,400,000	UK Treasury 0.5% 22/10/2061	7,394	0.59
101,283,700	UK Treasury 0.5% 31/01/2029	83,491	6.65
9,360,000	UK Treasury 0.625% 31/07/2035	6,311	0.50
59,165,600	UK Treasury 1% 31/01/2032	46,746	3.72
53,650,000	UK Treasury 1.125% 31/01/2039	34,835	2.77
52,200,000	UK Treasury 1.25% 31/07/2051	27,173	2.16
154	UK Treasury 1.5% 22/07/2047	-	-
90,000,000	UK Treasury 1.625% 22/10/2054	50,853	4.05
40,000,000	UK Treasury 1.75% 22/07/2057	23,191	1.85
37,500,000	UK Treasury 2.5% 22/07/2065	26,483	2.11
41,000,000	UK Treasury 3.25% 22/01/2044	35,608	2.83
47,250,000	UK Treasury 3.5% 22/01/2045	42,487	3.38
17,550,000	UK Treasury 3.75% 22/10/2053	16,360	1.30
39,400,000	UK Treasury 3.75% 29/01/2038	37,875	3.02
822	UK Treasury 4.25% 07/06/2032	1	-
51,500,000	UK Treasury 4.25% 07/09/2039	52,048	4.15
69,300,000	UK Treasury 4.25% 07/12/2046	69,651	5.55
15,016,088	UK Treasury 4.5% 07/09/2034	15,845	1.26
66,700,000	UK Treasury 4.5% 07/12/2042	69,545	5.54
9,500,000	UK Treasury 4.75% 07/12/2038	10,186	0.81
65,859,400	UK Treasury 6% 07/12/2028	73,333	5.84
6,500,000	UK Treasury Inflation Linked 0.125% 22/03/2073	6,568	0.52
		1,025,461	81.65
	Swedish Krona Denominated Fixed Rate Government Bonds - 1.00% (2022 - 0.23%)		
175,000,000	Sweden Government Bond 1.75% 11/11/2033	12,617	1.00
		12,617	1.00
	US Dollar Denominated Fixed Rate Government Bonds - 4.28% (2022 - 3.88%)		
69,820,000	US Treasury Note 1.125% 15/05/2040	36,345	2.89
18,060,000	US Treasury Note 1.125% 15/08/2040	9,341	0.74
13,070,000	US Treasury Note 2.25% 15/05/2041	8,164	0.65
		53,850	4.28
	DERIVATIVES - (0.20)% (2022 - 0.76%)		
	Australian Dollar Open Forward Exchange Contracts - 0.01% (2022 - (0.07)%)		
	Bought AUD8,900,000 for GBP5,119,601 Settlement 15/03/2023	(166)	(0.01)
	Sold AUD64,041,015 for GBP35,575,417 Settlement 15/03/2023	(71)	(0.01)
	Sold AUD20,700,000 for GBP11,845,304 Settlement 15/03/2023	323	0.03
		86	0.01

Portfolio Statement continued

As at 28 February 2023

Nominal		Market Value £'000	% of Net Assets
	Canadian Dollar Open Forward Exchange Contracts - (0.01)% (2022 - (0.23)%)		
	Bought CAD1,400,000 for GBP858,579 Settlement 15/03/2023	(5)	-
	Bought CAD9,347,207 for GBP5,688,891 Settlement 15/03/2023	7	-
	Sold CAD10,769,654 for GBP6,407,316 Settlement 15/03/2023	(156)	(0.01)
		(154)	(0.01)
	Norwegian Krone Open Forward Exchange Contracts - 0.03% (2022 - (0.03)%)		
	Bought NOK39,000,000 for AUD5,562,263 Settlement 15/03/2023	24	-
	Sold NOK144,483,700 for GBP11,973,154 Settlement 15/03/2023	414	0.03
		438	0.03
	Sterling Open Futures Contracts - (0.10)% (2022 - (0.16)%)		
922	UK Long Gilt Bond Futures June 2023	(1,222)	(0.10)
		(1,222)	(0.10)
	Swedish Krona Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought SEK43,700,000 for GBP3,429,542 Settlement 15/03/2023	32	-
	Sold SEK47,467,731 for GBP3,769,767 Settlement 15/03/2023	10	-
	Sold SEK170,000,000 for GBP13,490,368 Settlement 15/03/2023	25	-
		67	-
	US Dollar Open Forward Exchange Contracts - (0.12)% (2022 - (0.23)%)		
	Bought USD5,711,538 for GBP4,750,000 Settlement 15/03/2023	(29)	-
	Bought USD8,099,733 for GBP6,700,000 Settlement 15/03/2023	(5)	-
	Sold USD76,893,538 for GBP61,893,231 Settlement 15/03/2023	(1,668)	(0.13)
	Sold USD5,506,993 for GBP4,615,000 Settlement 15/03/2023	63	0.01
		(1,639)	(0.12)
	US Dollar Open Futures Contracts - (0.01)% (2022 - (0.04)%)		
769	US Treasury Note 10 Year Futures June 2023	(77)	(0.01)
		(77)	(0.01)
	Investment assets[1]	1,246,704	99.25
	Net other assets	9,394	0.75
	Net assets	**1,256,098**	**100.00**

[1] Includes investment liabilities.

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

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Comparative figures show percentages for each category of holding at 31 August 2022.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital losses		(168,682)		(156,324)
Revenue	16,340		7,286	
Expenses	(2,340)		(3,759)	
Interest payable and similar charges	(59)		(2)	
Net revenue before taxation	13,941		3,525	
Taxation	-		-	
Net revenue after taxation		13,941		3,525
Total return before distributions		**(154,741)**		**(152,799)**
Distributions		(16,107)		(7,013)
Change in net assets attributable to shareholders from investment activities		**(170,848)**		**(159,812)**

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		**1,841,466**		**2,574,573**
Amounts receivable on issue of shares	59,220		57,047	
Amounts payable on cancellation of shares	(473,742)		(392,668)	
		(414,522)		(335,621)
Change in net assets attributable to shareholders from investment activities (see above)		(170,848)		(159,812)
Retained distributions on accumulation shares		-		-
Unclaimed distributions		2		1
Closing net assets attributable to shareholders		**1,256,098**		**2,079,141**

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim Financial Statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the 'Distributions' figure includes 'Revenue received on creation of shares' and 'Revenue deducted on cancellation of shares'.

Balance Sheet

As at 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Assets:				
Fixed assets:				
Investments		1,250,103		1,807,523
Current assets:				
Debtors	9,282		23,599	
Cash and bank balances	17,611		39,009	
Total assets		**1,276,996**		**1,870,131**
Liabilities:				
Investment liabilities		(3,399)		(14,405)
Creditors:				
Bank overdrafts	(34)		-	
Distribution payable	(14,524)		(13,219)	
Other creditors	(2,941)		(1,041)	
Total liabilities		**(20,898)**		**(28,665)**
Net assets attributable to shareholders		**1,256,098**		**1,841,466**

Fund Information

Investment Objective and Policy

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

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

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

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

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

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

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

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

Fund Details

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

* 29 February in a leap year.

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

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

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
E Shares Income	28 February 2023	109,350	141,144,450	77.47
E Shares Accumulation	28 February 2023	7,665	9,389,791	81.63
W Shares Income	28 February 2023	661	857,854	77.06
W Shares Accumulation	28 February 2023	689	848,618	81.22

Operating Charges

Share Class	Year Ended	(%)
E Shares Income[1]	31 August 2022	0.20
E Shares Accumulation[1]	31 August 2022	0.20
W Shares Income[2]	31 August 2022	0.30
W Shares Accumulation[2]	31 August 2022	0.30

[1] Operating Charges on E classes have been capped at 0.20%.

[2] Operating Charges on W classes have been capped at 0.30%.

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
E Shares Income	30 October 2022	-
	30 April 2023	-
E Shares Accumulation	30 October 2022	-
	30 April 2023	-
W Shares Income	30 October 2022	-
	30 April 2023	-
W Shares Accumulation	30 October 2022	-
	30 April 2023	-

Please note: Investors are reminded that distribution is not guaranteed.

Investment Review

Performance Summary

Over the period under review, 1st September 2022 to 28th February 2023, the Fund's 'W Inc' class produced a total return of -13.55%. The Fund's benchmark, the FTSE Actuaries UK Government Index-Linked All Stocks Total Return GBP (Midday) Index, produced a total return of -14.10% over the period.

Market Background

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

The reaction in index-linked gilts was even more extreme – the real yield on the UKTI 0.125% 2073 index-linked gilt went from -0.2% on September 22nd, to just under 2% on the morning of September 28th, before ending the week at -0.6%. The sharper parallel yield increases in index-linked gilts relative to conventional gilts following the mini-budget announcement meant that the expected inflation rate measured by the breakeven rate initially fell after the announcement, however the longer-end (+10-year) retraced all their moves and ended the month higher on the back of the Bank of England intervention.

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

While not nearly as volatile, the months following the mini-budget crisis still saw large swings in gilt yields with the 10-year benchmark conventional gilt yield trading as low as 3.0% in November and closing the year at a high of 3.7%. Both the conventional and index-linked gilt curves flattened significantly over the period with the yield of the 2-year index-linked gilt rising by around 1.6% compared to the rise of 0.5% of its 10-year counterpart. Similarly, the breakeven inflation curve (i.e., the difference between nominal and index-linked gilt yields) sharply flattened, insomuch that longer-end market-implied inflation rates were trading below the shorter-end indicating an inverted curve.

The Bank of England continued its hiking cycle in the last quarter of the year by raising rates by 1.25%, which included an increase by 0.75% in the November meeting – the largest hike in a single meeting since 1989 – as it tried to tame inflation which reached a 41-year high of 11.1% in October.

Going into the new year, the index-linked gilt yield curve continued to flatten with short-dated real yields sharply increasing, whilst real yields in the belly of the curve (15- to 30-year maturities) decreased broadly in line with their conventional counterpart. The sharp moves in real yields in contrast to conventional gilt yields caused the breakeven curve to steepen as short-dated breakeven rates collapsed whilst medium to long-dated inflation expectations remained largely unchanged.

Portfolio Review

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

Duration

Overall, we have liked being overweight headline duration exposure against our benchmark (i.e., holding more interest rate risk than our benchmark). Whilst we preferred expressing this via our cross-market strategy, we have moved from an underweight to overweight exposure in UK index-linked gilts

Investment Review continued

by increasing our index-linked gilt exposure from October onwards.

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

Curve Positioning

We maintained our relative underweight positions against our benchmark in both the front and the long end of the curve and an overweight in the belly section (15- to 30-year maturities).

Whilst we started the period with a relative underweight position in the 20- to 30-year part of the curve, we switched this into a relative overweight position by October and increased our underweight in the 30-50-year section in November. We remained overweight the belly of the curve versus our underweight positions in the 30-50 year part as well as in the 1-5-year part of the curve for the remainder of the period.

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

Relative Value

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

Breakevens

We started the period with an underweight position in inflation-linked gilts (and breakevens) via a long position in conventional gilts. At the beginning of October, following the sharp sell-off of index-linked gilt prices led by liability-driven investment (LDI) investors, we exited our short breakeven position by selling conventional gilts and switching into index-linked gilts. We subsequently moved to an overweight position.

In January, we participated in the 2053 conventional gilt syndication, funded by similar maturities in index-linked gilts, whilst maintaining a slight overweight in index-linked Gilts versus benchmark for the remainder of the period.

Cross Market

Besides index-linked gilts, we have also liked holding duration via our cross-market strategy. However, as both UK index-linked and conventional gilt valuations improved following the moves after the mini-budget crisis, we reduced our cross-market exposure in the US by selling out of US treasury inflation-protected securities (TIPS) in October and this into UK index-linked gilts. We continued to maintain our exposure in the US via conventional instruments and in Canada via the 10-year and the 15-year index-linked bond.

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

Outlook

Our base case view since April 2022 has been for the global economy to enter recession (i.e., a hard landing). The basis of this view is that the exceptionally rapid pace of monetary tightening that properly began in Q2 2022 will ultimately cause a global recession. In our view, the only reason we are not already in recession is because of the lags, where it typically takes around 12 months for changes in interest rates to have their full effect on the economy. By way of illustration, Bank of England (BoE) policy maker Silvana Tenreyro estimated in February that only 1/5 of the rise in UK borrowing costs has yet had any impact on the UK economy, and bear in mind that the BoE was one of the earliest developed market central banks to begin hiking back in December 2021 and February 2022.

Contrary to the current consensus narrative and market pricing, we do not interpret the spate of stronger data as an indication that the global economy has passed the worst, or that the moderate rebound in growth necessitates a much stronger reaction from central banks. The rebound in US data can in large part be attributed to weather, where January and February were considerably warmer than usual. The boost to European growth from the sharp fall in gas prices seen since August probably won't last much into Q2, given drops in

Investment Review continued

commodity prices tend to lead economic growth by 5-6 months. And China has – finally – changed its economic model, where stimulating the economy does not mean pumping credit growth and driving real estate investment higher, the implication being that China reopening will likely have a far smaller impact on global growth than in previous Chinese upswings, which is what is already being implied by a continued fall in commodity prices. We therefore very much see the better growth data as a temporary phenomenon.

What's more, there is already substantial evidence that some of the rate hikes are already biting in large interest rates sensitive areas, most notably the housing market. Lags between policy rates and economic activity vary across different regions, but the biggest housing market impact has been in the countries whose central banks tightened policy particularly aggressively from Q2 2022 (e.g., Canada), and/or where the lags between rates and house prices are shorter (e.g., in Sweden, due to a greater proportion of short term variable rate mortgages). Other housing markets are not immune, it's just that the lags are slightly longer owing to more fixed rate mortgages. It is the marginal buyer and seller that drives house prices.

We are also seeing growing caution in the banking sector, where lending standards have tightened to levels normally associated with recessions. Sharp drops in banks' deposits, as savers withdraw cash in favour of higher yielding money market funds or government bonds, suggests that the economy is indeed reacting to higher rates as you'd. A drop in bank deposits should lead to credit growth shrinking (and it is already shrinking, as implied by money supply data). And there is even evidence that the contraction in credit availability is causing bankruptcies to start to climb for smaller companies that are reliant on floating rate bank funding via loans, even if public credit markets are not seeing distress yet.

Portfolio Statement

As at 28 February 2023

Nominal		Market Value £'000	% of Net Assets
	Canadian Dollar Denominated Fixed Rate Government Bonds - 2.74% (2022 - 2.84%)		
700,000	Canadian Government Real Return Bond 3% 01/12/2036	757	0.64
2,000,000	Canadian Government Real Return Bond 4% 01/12/2031	2,487	2.1
		3,244	**2.74**
	Sterling Denominated Fixed Rate Government Bonds - 95.61% (2022 - 87.38%)		
1,160,000	UK Treasury 3.75% 22/10/2053	1,081	0.92
1,212,000	UK Treasury Inflation Linked 0.125% 10/08/2031	1,480	1.25
2,350,000	UK Treasury Inflation Linked 0.125% 22/03/2026	3,259	2.75
2,430,000	UK Treasury Inflation Linked 0.125% 22/03/2029	3,656	3.09
15,958,000	UK Treasury Inflation Linked 0.125% 22/03/2039	17,972	15.18
4,100,000	UK Treasury Inflation Linked 0.125% 22/03/2044	5,373	4.54
5,180,000	UK Treasury Inflation Linked 0.125% 22/03/2046	6,271	5.3
1,845,000	UK Treasury Inflation Linked 0.125% 22/03/2051	1,900	1.61
2,030,000	UK Treasury Inflation Linked 0.125% 22/03/2058	2,379	2.01
1,325,000	UK Treasury Inflation Linked 0.125% 22/03/2068	1,587	1.34
3,250,000	UK Treasury Inflation Linked 0.125% 22/03/2073	3,284	2.77
6,800,000	UK Treasury Inflation Linked 0.125% 22/11/2036	8,956	7.58
1,535,000	UK Treasury Inflation Linked 0.125% 22/11/2065	1,767	1.49
5,590,000	UK Treasury Inflation Linked 0.25% 22/03/2052	7,283	6.15
4,107,000	UK Treasury Inflation Linked 0.375% 22/03/2062	5,733	4.84
4,160,000	UK Treasury Inflation Linked 0.5% 22/03/2050	6,580	5.56
1,200,000	UK Treasury Inflation Linked 0.625% 22/03/2040	1,994	1.68
7,580,000	UK Treasury Inflation Linked 0.75% 22/03/2034	12,206	10.31
2,730,000	UK Treasury Inflation Linked 0.75% 22/11/2047	4,705	3.97
651,000	UK Treasury Inflation Linked 1.125% 22/11/2037	1,253	1.06
1,515,000	UK Treasury Inflation Linked 1.25% 22/11/2027	2,944	2.49
5,302,000	UK Treasury Inflation Linked 1.25% 22/11/2032	9,626	8.13
300,000	UK Treasury Inflation Linked 2.5% 17/07/2024	1,113	0.95
225,000	UK Treasury Inflation Linked 4.125% 22/07/2030	756	0.64
		113,158	**95.61**
	US Dollar Denominated Fixed Rate Government Bonds - 0.00% (2022 - 8.43%)		
	DERIVATIVES - (0.10)% (2022 - (4.09)%)		
	Canadian Dollar Open Forward Exchange Contracts - (0.07)% (2022 - (0.09)%)		
	Bought CAD80,000 for GBP49,062 Settlement 15/03/2023	-	-
	Sold CAD5,372,551 for GBP3,196,355 Settlement 15/03/2023	(78)	(0.07)
		(78)	**(0.07)**
	Sterling Interest Rate Swaps - 0.00% (2022 - (3.26)%)		
	Sterling Open Futures Contracts - 0.00% (2022 - (0.11)%)		
	US Dollar Open Forward Exchange Contracts - (0.02)% (2022 - (0.55)%)		
	Bought USD180,364 for GBP150,000 Settlement 15/03/2023	(1)	-
	Bought USD157,159 for GBP130,000 Settlement 15/03/2023	-	-
	Sold USD1,015,176 for GBP817,137 Settlement 15/03/2023	(22)	(0.02)
		(23)	**(0.02)**
	US Dollar Open Futures Contracts - (0.01)% (2022 - (0.08)%)		
128	US Treasury Note 10 Year (CBT) Futures June 2023	(13)	(0.01)
		(13)	**(0.01)**
	Investment assets[1]	116,288	98.25
	Net other assets	2,077	1.75
	Net assets	**118,365**	**100.00**

[1] Includes investment liabilities.

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

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Comparative figures show percentages for each category of holding at 31 August 2022.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital losses		(13,497)		(9,643)
Revenue	(3,490)		4,311	
Expenses	(116)		(167)	
Interest payable and similar charges	(9)		-	
Net (expense)/revenue before taxation	(3,615)		4,144	
Taxation	-		-	
Net (expense)/revenue after taxation		(3,615)		4,144
Total return before distributions		**(17,112)**		**(5,499)**
Equalisation/(distributions)		124		(4,289)
Change in net assets attributable to shareholders from investment activities		**(16,988)**		**(9,788)**

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		**126,527**		**179,879**
Amounts receivable on issue of shares	22,055		14,098	
Amounts payable on cancellation of shares	(14,432)		(42,152)	
		7,623		(28,054)
Dilution adjustment		-		12
Change in net assets attributable to shareholders from investment activities (see above)		(16,988)		(9,788)
Retained distributions on accumulation shares		1,203		450
Closing net assets attributable to shareholders		**118,365**		**142,499**

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim Financial Statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the 'Distributions' figure includes 'Revenue received on creation of shares' and 'Revenue deducted on cancellation of shares'.

Balance Sheet

As at 28 February 2023 (unaudited)

	28 February 2023 £000s	28 February 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets:				
Fixed assets:				
Investments		116,402		124,848
Current assets:				
Debtors	386		992	
Cash and bank balances	2,285		6,777	
Total assets		**119,073**		**132,617**
Liabilities:				
Investment liabilities		(114)		(5,199)
Creditors:				
Bank overdrafts	(1)		-	
Other creditors	(593)		(891)	
Total liabilities		**(708)**		**(6,090)**
Net assets attributable to shareholders		**118,365**		**126,527**

Fund Information

Investment Objective and Policy

The objective of the Fund is to maximise total return, consistent with preservation of capital and prudent investment management, primarily through investment directly in debt securities issued by corporate, government, supranational institutions and local regional agencies or by gaining exposure indirectly through the use of derivatives, as well as any other security. The Fund will invest internationally although at least 80 % of its assets shall be invested in Sterling denominated (or hedged back to Sterling) debt securities.

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

The ACD aims to achieve the investment objective by investing (directly or indirectly) in treasury bills, certificates of deposit, medium term notes, private placements, structured notes, preference shares, convertible bonds, gilts, investment grade and below investment grade bonds, bonds of emerging markets issuers, agency bonds and asset or mortgage backed securities or floating rate notes. The ACD may also utilise deposits, derivatives and other money market instruments in the management of the portfolio. The Fund may also invest in collective investment schemes (subject to the limit below).

More than 35% of the value of the property of the Fund may be invested in Government and public securities issued or guaranteed by any of the following states; the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United States of America.

Up to 30% of the Fund's assets may be invested into Chinese bonds denominated in RMB either directly via CIBM Direct/ Bond Connect or through all eligible instruments, as set out in the Fund's investment policy.

The Fund will invest primarily in investment grade debt securities (with fixed, variable or floating rates of interest and may vary inversely with respect to a reference rate), but may invest in debt securities that are rated below investment grade.

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

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

Fund Information continued

Fund Details

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

*29 February in a leap year.

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares Income	28 February 2023	10,164	6,979,115	145.64
C Shares Income	28 February 2023	256,936	176,506,313	145.57
I Shares Income	28 February 2023	868,380	926,046,410	93.77
I Shares Accumulation	28 February 2023	948,660	915,447,992	103.63

Operating Charges

Share Class	Year Ended	(%)
A Shares Income	31 August 2022	1.31
C Shares Income	31 August 2022	0.66
I Shares Income	31 August 2022	0.44
I Shares Accumulation	31 August 2022	0.44

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
A Shares Income	31 October 2022	3.9202
	30 April 2023	3.0540
C Shares Income	31 October 2022	4.6767
	30 April 2023	3.5487
I Shares Income	31 October 2022	3.0141
	30 April 2023	2.3943
I Shares Accumulation	31 October 2022	3.1500
	30 April 2023	2.5811

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

Investment Review

Performance Summary

Over the six-month period under review, 1st September 2022 to 28th February 2023, the Fund's 'C Inc' class produced a total return of -8.08%. The Fund's benchmark, the Bloomberg Global Aggregate Total Return GBP Hedged, produced a total return of -1.89%.

The key reason for this underperformance was our overweight position in duration as core government bonds sold off sharply whilst credit spreads were tighter on balance. Given the Fund's positioning for a hard landing of the global economy (overweight core rate duration and short credit), the environment in which our Fund would be expected to perform the most poorly is when rates sell off, but risk assets don't (or worse, rally). This was the case for most of October 2022, in the second half of December 2022 and it was also the market environment to a larger extent in February 2023.

Market Background

It was a volatile period for global bonds. Global government bonds tumbled in September, following a set of hawkish statements from major central banks. In the US, the 10-year Treasury yield reached a 12- and-a-half year high of 4.0% in late September, while the 10-year German Bund yield rose around 100 basis points (bps) to trade above 2.2% for the first time since late 2011. UK gilt yields jumped sharply in September, topping 4.5% for the first time since late 2008, as the new UK government ramped up spending, raising fears over the sustainability of UK debt levels.

In mid-October, the yield on the 10-year Treasury bond hit a 14-year high of 4.33% but yields subsequently tumbled as easing inflationary pressures boosted hopes the Federal Reserve (Fed) may be less aggressive in raising rates. The 10-year bond yield hit a trough of 3.4% in early December before closing the quarter little changed at around 3.8%. European sovereign bonds delivered negative returns in Q4 as hopes that easing inflation may cause the European Central Bank (ECB) to turn more dovish were dashed by a series of hawkish statements from policymakers. In early October, the yield on the 10-year German Bund hit an 11-year high of more than 2.5%. While yields later fell back below 2.0%, they rose again in December to close the quarter around 2.5%. The German yield curve also inverted, with 10-year yields moving below two-year yields. UK government bond yields fell in Q4 as short-lived Prime Minister Liz Truss's unfunded tax cuts were completely reversed by her successor, ex-chancellor Rishi Sunak, who announced GBP 55 billion of fiscal tightening to restore the UK's fiscal credibility.

While the economic outlook darkened over the course of Q4, there was some cause for optimism as inflation looked as though it may have peaked. The US Federal Reserve (Fed), ECB and Bank of England continued to raise interest rates, but December's 50 basis-point (bps) hikes were lower than the 75 bps increases seen earlier in the quarter. Nevertheless, central banks highlighted that further rate rises should be expected in 2023. In late December, the BOJ surprised markets by amending its yield curve control policy although, with overnight rates remaining at -0.1%, the central bank denied the move marked a pivot away from Japan's ultra-loose monetary policy.

In the first two months of 2023, economic data proved more resilient than forecast. The US economy added 517,000 jobs in January, around three times as many as expected, causing the unemployment rate to fall to a 53-year low of 3.4%. While the annual US inflation rate eased to 6.4% in January from 6.5% in December, this was above expectations. The annual rate of euro-zone inflation fell to 8.6% in January, the lowest level since June 2022. However, early estimates of inflation data in France and Spain suggested that inflation had accelerated for the second consecutive month in February.

Global government bonds rallied in January as easing inflationary pressures boosted hopes that central banks may be nearing the end of their rate-hiking cycles. In February, however, global government bonds sold off again as speculation that central banks may soon pivot to a more dovish stance seemed premature. In the US, the 10-year Treasury bond yield rose around 40 basis points (bps) over the month, trading as high as 4.0% compared with just over 3.5% at the end of January. Yields on shorter dated bonds rose even more as investors revised up their forecasts for the terminal level of US rates; the two-yield yield closing the month around 4.8%, an increase of around 60 bps over the month. The yield movements meant the difference between two- and 10-year yields became the most inverted since 1981.

Propelled by hopes of a 'soft landing' of the economy after headline inflation peaked, credit spreads enjoyed a strong rally over the period, both High Yield and Investment Grade

Investment Review continued

corporate credit as well as Eurozone peripheral government bond spreads over German sovereign bonds.

Portfolio Review

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

Rates

Since April 2022, our central scenario has been a global recession, where the basis of this view is that the exceptionally rapid pace of monetary tightening that properly began in Q2 2022 will ultimately cause a 'hard landing'. The prospect of a deep recession also means a bullish outlook for government bonds which in our view have not been pricing in such a scenario.

Headline portfolio duration was kept close to the highest level since inception of the strategy in June 2016, both in absolute terms and relative to benchmark. This was achieved via adding to those developed markets where we believed excessive hikes are priced in (namely US, Canada, Australia, Korea). We remained underweight (or even net short) in markets like the UK and the Eurozone, where tail risks of another upside inflation shock as well as economic and political uncertainties appeared higher.

After the US yield curve had approached the most inverted level in almost 40 years, we started building into curve steepening positions in the US from November and on the German sovereign bond curve from December onwards.

Our rates positioning was the main detractor from performance as global government bond yields surged over the period and yield curves 'bull-steepened', ie. shorter maturities underperformed the long end.

Credit

Despite a widening of credit spreads in the first eight months of 2022, financial markets did not seem to be reflecting the prospect of a significant global recession in our view. A further material weakening of the business cycle would likely put further significant upward pressure on credit spreads. Risk assets were abnormally bid up by the excessive policy provision of liquidity by central banks in the past, which may be far less keen to come to investors' rescue this time, if/when profits contract sharply and markets correct further.

We therefore maintained short position in credit, where the portfolio was ~20% short of EUR and USD high yield credit and ~1.5y outright short in semi core and peripheral Eurozone government bond futures.

Unlike in the first three quarters of 2022, our credit positioning was not able to offset the relative losses from the rates segment. As credit spreads rallied, our outright short positions added to the negative performance over the period.

Inflation

We preferred to express our conviction of a global recession via a bullish nominal rates position rather than an accentuated directional inflation positioning.

We therefore continuously reduced our inflation exposure over the period. By the end of January, we had closed almost all of our gross inflation exposure.

Inflation contributed slightly positively over the period, mainly thanks to our short positions in GBP break-evens which benefited from falling inflation expectations in September and in January.

FX

Within FX, we were short of Asia which we thought is vulnerable to a weakening Chinese economy. We were long USD and JPY which we considered so-called "safe-haven" currencies in a risk-off move and short more cyclical FX, such as GBP, CAD and Emerging Markets (EMFX).

We reduced our exposure to local-currency EM sovereign debt and our EMFX exposure over the period, against buying USD. We wanted to move more defensive within FX as we had become more concerned about recession and crisis risks.

Investment Review continued

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

Outlook

Our base case view since April 2022 has been for the global economy to enter recession (i.e. a hard landing). The basis of this view is that the exceptionally rapid pace of monetary tightening that properly began in Q2 2022 will ultimately cause a global recession. In our view, the only reason we are not already in recession is because of the lags, where it typically takes around 12 months for changes in interest rates to have their full effect on the economy. By way of illustration, Bank of England (BoE) policy maker Silvana Tenreyro estimated in February that only 1/5 of the rise in UK borrowing costs has yet had any impact on the UK economy, and bear in mind that the BoE was one of the earliest developed market central bank to begin hiking back in December 2021 and February 2022.

Contrary to the current consensus narrative and market pricing, we do not interpret the spate of stronger data as an indication that the global economy has passed the worst, or that the moderate rebound in growth necessitates a much stronger reaction from central banks. The rebound in US data can in large part be attributed to weather, where January and February were considerably warmer than usual. The boost to European growth from the sharp fall in gas prices seen since August probably won't last much into Q2, given drops in commodity prices tend to lead economic growth by 5-6 months. And China has – finally – changed its economic model, where stimulating the economy does not mean pumping credit growth and driving real estate investment higher, the implication being that China reopening will likely have a far smaller impact on global growth than in previous Chinese upswings, which is what is already being implied by a continued fall in commodity prices. We therefore very much see the better growth data as a temporary phenomenon.

What's more, there is already substantial evidence that some of the rate hikes are already biting in large interest rates sensitive areas, most notably the housing market. Lags between policy rates and economic activity vary across different regions, but the biggest housing market impact has been in the countries whose central banks tightened policy particularly aggressively from Q2 2022 (e.g. Canada), and/or where the lags between rates and house prices are shorter (e.g. in Sweden, due to a greater proportion of short term variable rate mortgages). Other housing markets are not immune, it's just that the lags are slightly longer owing to more fixed rate mortgages. It is the marginal buyer and seller that drives house prices.

We are also seeing growing caution in the banking sector, where lending standards have tightened to levels normally associated with recessions. Sharp drops in banks' deposits, as savers withdraw cash in favour of higher yielding money market funds or government bonds, suggests that the economy is indeed reacting to higher rates. A drop in bank deposits should lead to credit growth shrinking (and it is already shrinking, as implied by money supply data). And there is even evidence that the contraction in credit availability is causing bankruptcies to start to climb for smaller companies that are reliant on floating rate bank funding via loans, even if public credit markets are not seeing distress yet.

Portfolio Statement

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	Open-Ended Funds - 0.14% (2022 - 0.13%)		
4,073	Allianz Global Aggregate Bond	2,925	0.14
		2,925	**0.14**
	Australian Dollar Denominated Fixed Rate Government Bonds - 14.92% (2022 - 9.39%)		
56,000,000	Australia Government Bond 1% 21/11/2031	24,650	1.18
130,000,000	Australia Government Bond 1.25% 21/05/2032	57,865	2.78
56,000,000	Australia Government Bond 1.5% 21/06/2031	26,044	1.25
145,000,000	Australia Government Bond 1.75% 21/11/2032	66,992	3.21
56,000,000	Australia Government Bond 2.75% 21/06/2035	27,448	1.32
51,920,000	Australia Government Bond 2.75% 21/05/2041	23,648	1.13
66,000,000	Australia Government Bond 3% 21/11/2033	33,894	1.63
42,540,000	Australia Government Bond 3% 21/03/2047	19,226	0.92
62,590,000	Australia Government Bond 3.25% 21/06/2039	31,166	1.50
		310,933	**14.92**
	Brazilian Real Denominated Fixed Rate Government Bonds - 1.59% (2022 - 5.16%)		
111,000,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2025	16,962	0.81
112,000,000	Brazil Notas do Tesouro Nacional Serie F 10% 01/01/2027	16,396	0.78
		33,358	**1.59**
	Canadian Dollar Denominated Fixed Rate Government Bonds - 5.49% (2022 - 13.22%)		
70,000,000	Canadian Government Bond 0.5% 01/12/2030	34,317	1.65
22,000,000	Canadian Government Bond 1% 01/06/2027	12,053	0.58
24,000,000	Canadian Government Bond 1.5% 01/12/2031	12,551	0.60
19,000,000	Canadian Government Bond 2.75% 01/09/2027	11,198	0.54
31,500,000	Canadian Government Bond 4% 01/06/2041	20,801	1.00
32,500,000	Canadian Government Bond 5% 01/06/2037	23,399	1.12
		114,319	**5.49**
	Chilean Peso Denominated Fixed Rate Government Bonds - 1.20% (2022 - 3.44%)		
3,200,000,000	Bonos de la Tesoreria de la Republica en pesos 4.5% 01/03/2026	2,950	0.14
14,600,000,000	Bonos de la Tesoreria de la Republica en pesos 4.7% 01/09/2030	13,293	0.64
5,500,000,000	Bonos de la Tesoreria de la Republica en pesos 5% 01/10/2028	5,202	0.25
3,800,000,000	Bonos de la Tesoreria de la Republica en pesos 5% 01/03/2035	3,472	0.17
		24,917	**1.20**
	Colombian Peso Denominated Fixed Rate Government Bonds - 0.39% (2022 - 1.98%)		
84,380,000,000	Colombian TES 7.25% 26/10/2050	8,260	0.39
		8,260	**0.39**
	Euro Denominated Fixed Rate Corporate Debt Securities - 0.20% (2022 - 0.28%)		
6,600,000	Cellnex Finance 2% 15/02/2033	4,311	0.20
		4,311	**0.20**
	Euro Denominated Fixed Rate Government Bonds - 9.44% (2022 - 7.53%)		
26,200,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2029	19,403	0.93
70,200,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/05/2035	44,397	2.13
47,100,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/05/2036	28,927	1.39
27,270,000	Bundesrepublik Deutschland Bundesanleihe 0% 15/08/2050	12,038	0.58
14,000,000	Bundesrepublik Deutschland Bundesanleihe 0.25% 15/02/2027	11,124	0.53
34,365,000	Bundesrepublik Deutschland Bundesanleihe 1.25% 15/08/2048	22,814	1.09
17,870,000	Bundesrepublik Deutschland Bundesanleihe 3.25% 04/07/2042	16,930	0.82
39,000,000	Bundesrepublik Deutschland Bundesanleihe 4.75% 04/07/2034	41,139	1.97
		196,772	**9.44**
	Indonesian Rupiah Denominated Fixed Rate Government Bonds - 0.00% (2022 - 3.57%)		
	Japanese Yen Denominated Fixed Rate Government Bonds - 5.28% (2022 - 4.68%)		
542,000,000	Japan Government Five Year Bond 0.1% 20/03/2024	3,281	0.16
2,000,000,000	Japan Government Five Year Bond 0.1% 20/06/2025	12,123	0.58
1,939,600,000	Japan Government Forty Year Bond 0.4% 20/03/2056	8,628	0.42
2,422,700,000	Japan Government Ten Year Bond 0.1% 20/09/2029	14,373	0.69
4,230,000,000	Japan Government Ten Year Bond 0.1% 20/09/2030	24,841	1.19
2,500,000,000	Japan Government Ten Year Bond 0.1% 20/12/2030	14,634	0.70
450,000,000	Japan Government Ten Year Bond 0.6% 20/06/2024	2,743	0.13
3,318,200,000	Japan Government Twenty Year Bond 0.4% 20/03/2040	17,883	0.86
2,150,000,000	Japan Government Twenty Year Bond 0.4% 20/06/2040	11,545	0.55
		110,051	**5.28**

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	Mexican Peso Denominated Fixed Rate Government Bonds - 4.70% (2022 - 4.83%)		
898,000,000	Mexican Bonos 7.75% 29/05/2031	37,020	1.78
766,500,000	Mexican Bonos 7.75% 23/11/2034	30,864	1.48
775,000,000	Mexican Bonos 7.75% 13/11/2042	30,054	1.44
		97,938	**4.70**
	New Russian Ruble Denominated Fixed Rate Government Bonds - 0.00% (2022 - 0.00%)		
6,580,000,000	Russian Federal Bond - OFZ 7.65% 10/04/2030	-	-
		-	-
	Norwegian Krone Denominated Fixed Rate Government Bonds - 2.24% (2022 - 2.17%)		
295,970,000	Norway Government Bond 1.375% 19/08/2030	20,387	0.98
171,770,000	Norway Government Bond 1.75% 06/09/2029	12,339	0.59
194,550,000	Norway Government Bond 2.125% 18/05/2032	13,883	0.67
		46,609	**2.24**
	Peruvian Nouveau Sol Denominated Fixed Rate Government Bonds - 0.00% (2022 - 3.51%)		
	Singapore Dollar Denominated Fixed Rate Government Bonds - 7.33% (2022 - 6.98%)		
40,780,000	Singapore Government Bond 2.25% 01/08/2036	22,124	1.06
54,000,000	Singapore Government Bond 2.375% 01/06/2025	32,164	1.54
51,000,000	Singapore Government Bond 2.875% 01/07/2029	30,347	1.46
56,900,000	Singapore Government Bond 2.875% 01/09/2030	33,738	1.62
56,010,000	Singapore Government Bond 3.375% 01/09/2033	34,440	1.65
		152,813	**7.33**
	South African Rand Denominated Fixed Rate Government Bonds - 0.00% (2022 - 2.31%)		
	South Korean Won Denominated Fixed Rate Government Bonds - 1.48% (2022 - 1.27%)		
16,300,000,000	Korea Treasury Bond 2% 10/06/2031	8,886	0.43
39,000,000,000	Korea Treasury Bond 2.375% 10/12/2031	21,980	1.05
		30,866	**1.48**
	Sterling Denominated Fixed Rate Government Bonds - 0.97% (2022 - 0.00%)		
11,700,000	UK Treasury 3.75% 22/10/2053	10,906	0.53
9,135,000	UK Treasury Inflation Linked 0.125% 22/03/2073	9,230	0.44
		20,136	**0.97**
	Swedish Krona Denominated Fixed Rate Government Bonds - 7.07% (2022 - 2.77%)		
380,000,000	Sweden Government Bond 0.75% 12/05/2028	27,059	1.30
459,830,000	Sweden Government Bond 0.75% 12/11/2029	31,889	1.53
737,000,000	Sweden Government Bond 1.75% 11/11/2033	53,138	2.55
280,730,000	Sweden Government Bond 2.25% 01/06/2032	21,411	1.03
158,020,000	Sweden Government Bond 3.5% 30/03/2039	13,760	0.66
		147,257	**7.07**
	US Dollar Denominated Fixed Rate Government Bonds - 29.32% (2022 - 21.24%)		
1,261,359	Argentine Republic Government International Bond 1% 09/07/2029	326	0.02
27,790,500	Argentine Republic Government International Bond 1.5% 09/07/2035	6,589	0.32
22,120,000	Lebanon Government International Bond 6.85% 23/03/2027	1,323	0.06
373,600	US Treasury Inflation Indexed Bonds 0.375% 15/07/2025	373	0.02
55,000,000	US Treasury Note 0.375% 31/01/2026	40,382	1.94
56,500,000	US Treasury Note 0.5% 28/02/2026	41,495	1.99
27,500,000	US Treasury Note 0.625% 15/05/2030	17,944	0.86
28,200,000	US Treasury Note 0.625% 15/08/2030	18,281	0.88
60,000,000	US Treasury Note 0.75% 30/04/2026	44,185	2.12
60,000,000	US Treasury Note 0.75% 31/05/2026	44,065	2.12
43,000,000	US Treasury Note 0.75% 31/08/2026	31,347	1.50
180,525,000	US Treasury Note 1.125% 15/05/2040	93,973	4.51
110,000,000	US Treasury Note 1.125% 15/08/2040	56,891	2.73
30,940,000	US Treasury Note 1.25% 15/05/2050	14,025	0.67
41,000,000	US Treasury Note 1.375% 15/11/2031	27,503	1.32
31,500,000	US Treasury Note 1.625% 15/08/2029	22,467	1.08
78,000,000	US Treasury Note 1.75% 15/08/2041	44,397	2.13
38,000,000	US Treasury Note 2% 15/11/2041	22,559	1.08
33,000,000	US Treasury Note 2.125% 15/05/2025	25,803	1.24
869,500	US Treasury Note 2.25% 15/11/2027	658	0.03
24,000,000	US Treasury Note 2.875% 15/08/2028	18,561	0.89
28,200,000	US Treasury Note 3.125% 15/11/2028	22,066	1.06
8,000,000	US Treasury Note 3.5% 15/09/2025	6,439	0.31
8,000,000	US Treasury Note 4.25% 15/10/2025	6,557	0.31
6,421,000	Venezuela Government International Bond 7.65% 21/04/2025	531	0.03
2,472,800	Venezuela Government International Bond 8.25% 13/10/2024	204	0.01
2,765,600	Venezuela Government International Bond 9% 07/05/2023	229	0.01
5,600,000	Venezuela Government International Bond 9.25% 15/09/2027	463	0.02

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
2,756,000	Venezuela Government International Bond 9.25% 07/05/2028	228	0.01
2,800,000	Venezuela Government International Bond 11.75% 21/10/2026	232	0.01
5,840,000	Venezuela Government International Bond 11.95% 05/08/2031	483	0.02
4,800,000	Venezuela Government International Bond 12.75% 23/08/2022	397	0.02
		610,976	29.32
	DERIVATIVES - (4.26)% (2022 - (10.27)%)		
	Australian Dollar Open Forward Exchange Contracts - 0.01% (2022 - (0.17)%)		
	Bought AUD42,054,209 for GBP23,810,985 Settlement 15/03/2023	(403)	(0.02)
	Sold AUD608,420,863 for GBP339,171,419 Settlement 15/03/2023	515	0.03
		112	0.01
	Australian Dollar Open Futures Contracts - 0.00% (2022 - 0.00%)		
	Brazilian Real Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought BRL51,495,814 for USD9,878,770 Settlement 15/03/2023	1	-
		1	-
	Canadian Dollar Open Forward Exchange Contracts - (0.42)% (2022 - (0.67)%)		
	Bought CAD140,848,072 for GBP86,254,929 Settlement 15/03/2023	(425)	(0.02)
	Bought CAD54,096,140 for SEK420,000,000 Settlement 15/03/2023	(303)	(0.02)
	Sold CAD569,099,593 for GBP338,817,697 Settlement 15/03/2023	(7,981)	(0.38)
		(8,709)	(0.42)
	Canadian Dollar Open Futures Contracts - 0.01% (2022 - (0.05)%)		
1,226	Canadian Government Bond 10 Year June 2023 Futures	141	0.01
		141	0.01
	Chinese Yuan Offshore Open Forward Exchange Contracts - (0.03)% (2022 - (0.02)%)		
	Bought CNH222,959,435 for USD32,767,558 Settlement 15/03/2023	(576)	(0.03)
		(576)	(0.03)
	Colombian Peso Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought COP49,513,609,893 for USD10,304,477 Settlement 15/03/2023	54	-
		54	-
	Euro Credit Default Swaps - (0.39)% (2022 - 0.27%)		
271,547,000	Pay 5% Receive Variable 20/12/2027	(8,133)	(0.39)
		(8,133)	(0.39)
	Euro Interest Rate Swaps - 0.55% (2022 - 2.67%)		
198,000,000	Pay 2.857% Receive Variable 15/02/2024	12,881	0.62
9,000,000	Receive 0.663% Pay Variable 15/10/2025	(1,470)	(0.07)
		11,411	0.55
	Euro Open Forward Exchange Contracts - (0.23)% (2022 - (0.21)%)		
	Bought EUR83,000,000 for USD89,213,057 Settlement 15/03/2023	(907)	(0.04)
	Bought EUR20,813,180 for GBP18,439,235 Settlement 15/03/2023	(175)	(0.01)
	Bought EUR5,544,820 for USD6,000,000 Settlement 21/12/2023	(21)	-
	Sold EUR285,875,375 for GBP247,073,690 Settlement 15/03/2023	(3,797)	(0.18)
		(4,900)	(0.23)
	Euro Open Futures Contracts - 0.96% (2022 - 0.59%)		
3,383	Euro Bobl March 2023 Futures	(8,050)	(0.39)
1,315	Euro Bund March 2023 Futures	(5,079)	(0.24)
(397)	Euro-Bono March 2023 Futures	2,726	0.13
(2,858)	Euro-BTP March 2023 Futures	11,166	0.54
(806)	Euro-Buxl 30 Year Bond March 2023 Futures	12,725	0.61
(876)	Euro-Oat March 2023 Futures	6,536	0.31
		20,024	0.96
	Euro Written Call Options - 0.00% (2022 - 0.00%)		
6,800,000	Allianz 7.5 Call Option March 2023	2	-
(6,800,000)	Allianz 7.7 Call Option March 2023	(1)	-
		1	-
	Hungarian Forint Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Japanese Yen Open Forward Exchange Contracts - 0.19% (2022 - 0.16%)		
	Bought JPY35,859,004,094 for GBP216,448,694 Settlement 15/03/2023	623	0.03
	Sold JPY14,163,388,800 for GBP89,000,000 Settlement 15/03/2023	3,262	0.16
		3,885	0.19

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	Mexican Peso Open Forward Exchange Contracts - 0.04% (2022 - 0.03%)		
	Bought MXN646,856,827 for USD34,128,788 Settlement 15/03/2023	871	0.04
		871	**0.04**
	New Zealand Dollar Interest Rate Swaps - 0.00% (2022 - (0.01)%)		
	New Zeland Dollar Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Norwegian Krone Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought NOK42,950,000 for AUD6,125,620 Settlement 15/03/2023	26	-
	Sold NOK103,243,660 for GBP8,297,527 Settlement 15/03/2023	38	-
		64	**-**
	Peruvian Sol Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought PEN26,210,285 for USD6,870,504 Settlement 15/03/2023	-	-
		-	**-**
	Philippine Peso Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought PHP739,818,324 for USD13,370,956 Settlement 15/03/2023	(20)	-
		(20)	**-**
	Polish Zloty Interest Rate Swaps - 0.00% (2022 - 0.00%)		
61,400,000	Pay 5.784% Receive Variable 16/03/2026	124	0.01
4,800,000	Pay 5.784% Receive Variable 16/03/2026	10	-
33,100,000	Receive 5.784% Pay Variable 16/03/2026	(67)	-
33,100,000	Receive 5.784% Pay Variable 16/03/2026	(67)	(0.01)
		-	**-**
	Singapore Dollar Open Forward Exchange Contracts - 0.01% (2022 - 0.00%)		
	Bought SGD3,086,122 for GBP1,904,967 Settlement 15/03/2023	(13)	-
	Bought SGD31,000,000 for EUR21,553,290 Settlement 15/03/2023	92	0.01
		79	**0.01**
	South African Rand Open Forward Exchange Contracts - (0.07)% (2022 - 0.00%)		
	Bought ZAR554,062,740 for USD31,743,557 Settlement 15/03/2023	(1,458)	(0.07)
		(1,458)	**(0.07)**
	South Korean Won Open Futures Contracts - (0.29)% (2022 - 0.06%)		
3,906	Korea 3 Year Bond March 2023 Futures	(3,106)	(0.15)
1,146	Korea 10 Year Bond March 2023 Futures	(2,844)	(0.14)
		(5,950)	**(0.29)**
	Sterling Interest Rate Swaps - (1.68)% (2022 - (12.19)%)		
202,000,000	Receive 3.144% Pay Variable 15/06/2025	(34,068)	(1.63)
7,400,000	Receive 3.505% Pay Variable 15/09/2028	(1,114)	(0.05)
		(35,182)	**(1.68)**
	Sterling Open Futures Contracts - 0.00% (2022 - (0.02)%)		
	Sterling Written Put Option - 0.00% (2022 - 0.00%)		
	Swedish Krona Open Forward Exchange Contracts - 0.02% (2022 - 0.02%)		
	Bought SEK184,275,357 for GBP14,593,106 Settlement 15/03/2023	3	-
	Sold SEK1,651,989,325 for GBP131,165,403 Settlement 15/03/2023	312	0.02
		315	**0.02**
	Swiss Franc Interest Rate Swaps - (0.03)% (2022 - 0.00%)		
17,000,000	Receive 1.345% Pay Variable 7/2/2028	(316)	(0.02)
8,550,000	Receive 1.358% Pay Variable 7/2/2028	(154)	(0.01)
		(470)	**(0.03)**
	Swiss Franc Open Forward Exchange Contracts - (0.02)% (2022 - 0.00%)		
	Bought CHF46,000,000 for USD50,113,955 Settlement 15/03/2023	(832)	(0.04)
	Bought CHF109,219,070 for GBP96,005,072 Settlement 15/03/2023	376	0.02
	Sold CHF84,003 for GBP75,000 Settlement 15/03/2023	1	-
		(455)	**(0.02)**
	Thai Baht Open Forward Exchange Contracts - 0.00% (2022 - 0.00%)		
	Bought THB21,487,860 for USD626,225 Settlement 15/03/2023	(13)	-
		(13)	**-**
	US Dollar Credit Default Swaps - 0.64% (2022 - 0.32%)		
115,000,000	Pay 1% Receive Variable 20/12/2027	16,410	0.79
168,000,000	Pay 5% Receive Variable 20/12/2027	(2,029)	(0.10)
75,900,000	Pay 5% Receive Variable 20/12/2027	(984)	(0.05)
		13,397	**0.64**

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	US Dollar Interest Rate Swaps - (0.58)% (2022 - 1.70%)		
443,000,000	Pay 3% Receive Variable 20/09/2030	13,226	0.63
443,000,000	Pay 3.477% Receive Variable 15/03/2030	6,547	0.31
980,000,000	Receive 3.23% Pay Variable 20/09/2026	(18,886)	(0.91)
(980,000,000)	Receive 3.23% Pay Variable 20/09/2026	-	-
972,000,000	Receive 3.86% Pay Variable 15/03/2026	(12,790)	(0.61)
		(11,903)	**(0.58)**
	US Dollar Open Forward Exchange Contracts - (2.83)% (2022 - (2.14)%)		
	Bought USD236,380,210 for MXN4,757,316,482 Settlement 15/03/2023	(18,491)	(0.89)
	Bought USD103,625,955 for CLP89,727,129,054 Settlement 15/03/2023	(3,548)	(0.17)
	Bought USD151,350,632 for BRL809,063,700 Settlement 15/03/2023	(3,202)	(0.15)
	Bought USD112,933,252 for PHP6,334,196,954 Settlement 15/03/2023	(1,106)	(0.05)
	Bought USD270,844,177 for GBP224,885,742 Settlement 15/03/2023	(1,004)	(0.05)
	Bought USD82,541,545 for PEN318,247,180 Settlement 15/03/2023	(728)	(0.03)
	Bought USD212,549,709 for SGD287,630,981 Settlement 15/03/2023	(646)	(0.03)
	Bought USD20,606,300 for COP100,525,771,835 Settlement 15/03/2023	(372)	(0.02)
	Bought USD643,018 for THB21,487,860 Settlement 15/03/2023	28	-
	Bought USD35,834,651 for EUR33,000,000 Settlement 15/03/2023	662	0.03
	Bought USD139,799,523 for KRW182,433,316,711 Settlement 15/03/2023	1,545	0.07
	Bought USD238,238,492 for CNH1,643,251,634 Settlement 15/03/2023	1,546	0.07
	Bought USD84,308,834 for ZAR1,498,937,142 Settlement 15/03/2023	2,645	0.13
	Sold USD1,772,253,132 for GBP1,428,688,750 Settlement 15/03/2023	(36,270)	(1.74)
		(58,941)	**(2.83)**
	US Dollar Open Futures Contracts - (0.12)% (2022 - (0.29)%)		
2,937	US Treasury Note 2 Year June 2023 Futures	(1,072)	(0.05)
6,053	US Treasury Note 5 Year June 2023 Futures	(1,056)	(0.05)
4,957	US Treasury Note 10 Year June 2023 Futures	(606)	(0.03)
(361)	US Treasury Ultra Bond June 2023 Futures	224	0.01
		(2,510)	**(0.12)**
	US Dollar Written Call Options - 0.00% (2022 - 0.00%)		
50,000	3 Month SOFR 96.5 Call Option March 2023	-	-
(50,000)	3 Month SOFR 97 Call Option March 2023	-	-
		-	-
	US Dollar Written Put Options - 0.00% (2022 - 0.00%)		
420,000	Allianz 131 Put Option April 2023	46	-
(420,000)	Allianz 131 Put Option April 2023	(46)	-
186,000	Allianz 16.55 Put Option March 2023	-	-
		-	-
	Investment assets[1]	1,823,576	87.50
	Net other assets	260,564	12.50
	Net assets	**2,084,140**	**100.00**

[1] Includes investment liabilities.

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

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Comparative figures show percentages for each category of holding at 31 August 2022.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital losses		(253,197)		(202,009)
Revenue	61,436		21,563	
Expenses	(5,333)		(6,999)	
Interest payable and similar charges	(750)		(62)	
Net revenue before taxation	55,353		14,502	
Taxation	260		(256)	
Net revenue after taxation		55,613		14,246
Total return before distributions		**(197,584)**		**(187,763)**
Distributions		(54,153)		(14,246)
Change in net assets attributable to shareholders from investment activities		**(251,737)**		**(202,009)**

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		**2,485,899**		**3,000,316**
Amounts receivable on issue of shares	115,482		222,033	
Amounts payable on cancellation of shares	(289,138)		(365,310)	
		(173,656)		(143,277)
Change in net assets attributable to shareholders from investment activities (see above)		(251,737)		(202,009)
Retained distributions on accumulation shares		23,632		5,016
Unclaimed distributions		2		5
Closing net assets attributable to shareholders		**2,084,140**		**2,660,051**

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the 'Distributions' figure includes 'Revenue received on creation of shares' and 'Revenue deducted on cancellation of shares'.

Balance Sheet

As at 28 February 2023 (unaudited)

	28 February 2023 £000s	28 February 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets:				
Fixed assets:				
Investments		2,007,805		2,559,762
Current assets:				
Debtors	11,173		29,588	
Cash and bank balances	294,627		428,489	
Total assets		**2,313,605**		**3,017,839**
Liabilities:				
Investment liabilities		(184,229)		(466,818)
Creditors:				
Bank overdrafts	(3,997)		(18,558)	
Distribution payable	(28,649)		(38,866)	
Other creditors	(12,590)		(7,698)	
Total liabilities		**(229,465)**		**(531,940)**
Net assets attributable to shareholders		**2,084,140**		**2,485,899**

Fund Information

Investment Objective and Policy

The primary investment objective of the Allianz UK Listed Equity Income Fund is to generate a total return (income together with capital growth) net of fees greater than that of the FTSE All-Share Index[1)], over a rolling 5 year period.

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

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

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

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

Up to 20% of the Fund's assets may be invested outside of this index, either in the UK or internationally and in all economic sectors. It is the general intention of the ACD to invest in shares which offer above average current dividend income yield or, if not, the prospect of superior long term dividend growth. Therefore, it is not intended that the Fund will have similar weightings to the FTSE All-Share Index. Up to 10% of the Fund's investments may be held in convertibles and investment trust income shares in order to enhance the income yield.

The ACD may also utilise deposits and money market instruments in the management of the portfolio, and together with money market funds, these may make up to a maximum of 10% of the Fund's assets. In addition, up to 5% of the Fund's assets may be invested in warrants.

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

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

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

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

Fund Information continued

Fund Details

Fund Manager	Simon Gergel and Richard Knight	
Benchmark	FTSE All-Share Index.	
Income allocation dates	Interim	28 February*
	Final	31 August
Income pay dates	Interim	30 April
	Final	31 December (normally 31 October)
Launch dates	Fund	20 June 2002
	A Shares	20 June 2002
	C Shares (Inc)	23 April 2014
	C Shares (Acc)	16 September 2021
	E Shares	08 January 2021
	W Shares	08 January 2021
	W Shares(EUR)	28 October 2021
ISA status	Yes	
Share Classes and types of Shares	A (Income Shares)	
	C (Accumulation Shares)	
	C (Income Shares)	
	E (Income Shares)	
	W (Income Shares)	
	W (Income Shares)(EUR)	
Minimum investment	A Shares	Lump sum £500
		Monthly saving £50
	C Shares	Lump sum £500
		Monthly saving £50
	E Shares	Lump sum £25,000,000
		(Available to Approved Investors only)
	W Shares	Lump sum £10,000,000
		(Available to Approved Investors only)
	W Shares(EUR)	Lump sum £10,000,000
		(Available to Approved Investors only)
Initial charge	A Shares	Nil
	C Shares	Nil
	E Shares	Nil
	W Shares	Nil
	W(EUR) Shares	Nil
Annual ACD fee	A Shares	1.25%
	C Shares	0.60%
	E Shares	0.28%
	W Shares	0.38%
	W(EUR) Shares	0.38%

*29 February in a leap year.

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares Income	28 February 2023	4,965	1,478,079	335.89
C Shares Accumulation	28 February 2023	48,641	43,629,771	111.49
C Shares Income	28 February 2023	169,429	134,648,978	125.83
E Shares Income	28 February 2023	120,544	101,406,928	118.87
W Shares Income	28 February 2023	4,117	3,460,087	118.99
W Shares EUR Income	28 February 2023	1	1,000	92.97

Operating Charges

Share Class	Year Ended	(%)
A Shares Income	31 August 2022	1.30
C Shares Accumulation	31 August 2022	0.65
C Shares Income	31 August 2022	0.65
E Shares Income	31 August 2022	0.33
W Shares Income	31 August 2022	0.42
W Shares EUR Income	31 August 2022	0.43

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
A Shares Income	31 October 2022	8.7038
	30 April 2023	6.0529
C Shares Accumulation	31 October 2022	4.4208
	30 April 2023	-
C Shares Income	31 October 2022	3.2266
	30 April 2023	2.1835
E Shares Income	31 October 2022	3.0330
	30 April 2023	2.0617
W Shares Income	31 October 2022	3.0388
	30 April 2023	2.0643
W EUR Shares Income	31 October 2022	-
	30 April 2023	-

Please note: Investors are reminded that the accumulation classes distribute annually and the income classes distribute bi-annually.

Investment Review

Performance Summary

Over the six-month period from September 1, 2022 to February 28, 2023, the Fund's 'C' class shares produced a total return of 11.6%. The Fund's benchmark, the FTSE All Share Total Return Index, produced a total return of 8.7% (all figures are net of fees in GBP). As a result, the portfolio outperformed its benchmark by 2.8%.

Market Background

The period under review was an eventful one for the UK. In six months, the nation saw two monarchs, three Prime Ministers and just as many Chancellors of the Exchequer. The "mini-budget" of Liz Truss and Kwasi Kwarteng, brief holders of the latter posts respectively, provoked turmoil in UK financial markets, notably in liability driven investment (LDI) pension schemes and mortgages. While resolved by prompt action from the Bank of England, it coincided with dour expectations for the UK economy. Sharp increases in the price of energy, food and labour drove consumer price inflation to a peak of 11% in October. In response, interest rates over the period leapt from 1.75% in September to 4.00% in February. As a result, the phrase "cost of living crisis" has now entered popular parlance.

The mood has brightened a little of late, however. A warmer than expected winter in Europe, combined with the continent's unexpected speed at assembling additional natural gas supplies, has lowered energy prices across the board. The replacement of Truss and Kwarteng by Rishi Sunak and Jeremy Hunt respectively, also restored some international confidence in UK domestic politics. A notable example came in the form of the Windsor Framework, by which the UK and European Union (EU) agreed to amend the Northern Ireland Protocol as a means to resolve trading after Brexit. Robust consumer demand, resilient employment data and signs that inflation may be peaking globally have also lifted economic expectations in the near-term.

Portfolio Review

The portfolio consists primarily of UK equities, selected across market capitalisations and without reference to a benchmark. Our dual goal is to deliver returns exceeding the FTSE All Share total return over the long term (defined as rolling 3 and 5 year periods) and deliver a premium yield relative to the market.

Performance over the period was primarily driven by sector allocation. This is more a reflection of the sentiment-driven and top-down way in which markets have behaved, rather than our portfolio construction process. Indeed, the latter is designed to ensure that allocations to sectors are themselves a by-product of stock selection, rather than the other way round.

Positive contributions to return therefore have included an overweight allocation to the Consumer Discretionary and Financials sectors. For the former, this reflects a combination of easing commodity prices and government support for energy bills, all of which led to surprisingly robust spending from UK consumers. In Financials, banks have thus far been able to capture the benefit of rising interest rates without passing them on to consumers. Stock selection in the Consumer Staples, Basic Materials and Health Care sectors also contributed positively. On the negative side, stock selection in Energy, Technology and Financials detracted from returns.

On a final factor note, the portfolio's high exposure to smaller companies also boosted performance. This reversed one of 2022's more enduring trends, where stocks in the FTSE 100 tended to outperform smaller-company indices. Smaller companies often underperform temporarily during periods of market stress and prices can diverge significantly from intrinsic value. We believed that amid fears of a stagflationary recession, many smaller companies were more resilient than the market appreciated, particularly where perceptions of cyclicality failed to account for a continued post-pandemic recovery.

At a single stock level, the top three contributors to performance were the copper producer Atalaya Mining, hobbyist retailer Games Workshop and specialist reinsurance business Conduit Holdings. As discussed, Atalaya and Conduit are both lower down the market cap spectrum, while Games Workshop and Atalaya both have elements of cyclicality which have been misunderstood by the market. This was evident in Games Workshop's latest results, which show sales growth lasting well beyond any pandemic boost. The company's announcement in December that Amazon Studios will be developing TV content using its intellectual property is testament to the runway for further international and cross-platform expansion. Similarly, Atalaya is exposed to higher

Investment Review continued

energy prices, but the extent to which this threatened the longer-term structural demand for copper was overdone. Not owning Diageo, Reckitt Benckiser and AstraZeneca – three large cap, defensive stocks which lagged the broader market – also lifted relative returns.

The weakest contributors to performance over the period were the IT consultant Kin and Carta, the transport company National Express Group and the property company CLS Holdings. Rising interest rates, a deteriorating economic outlook and a slower than expected return to full-time office life have weighed on the CLS share price. However, given the quality of the portfolio an over 50% discount to NAV looks unjustified. Shares in Kin and Carta have been penalised for weaker organic growth, reflecting softer spending across the IT sector. However, with a healthy sales backlog and further expected margin growth from restructuring, the long-term investment case remains intact. Meanwhile, National Express announced higher than expected labour costs in its US operations and a weaker outlook for 2023, which markets met with significant consternation. Recent positive results and discussions with management suggest this was a poorly handled attempt to manage expectations, rather than a total reset.

Over the period we added five stocks to the portfolio and sold out of six positions. Additions included two names with consumer retail exposure – Pets at Home and Games Workshop – as well as the producer and retailer of building supplies Grafton Group. We also initiated positions in the commodities producer Rio Tinto and the insurance company Admiral. We exited our positions in Homeserve, Hunting and Real Estate Investors.

Outlook

The UK economic outlook remains uncertain. Nonetheless, valuations for UK companies continue to be generally modest and we are able to find many attractively-priced, strong businesses, even after recent strength. Given the uncertainty, where we have bought cyclical companies, we have prioritised those with robust balance sheets and defensible competitive advantages. This approach to portfolio construction is done on the premise that such businesses should be able to weather any difficult periods with their business models intact.

At the same time, the broader UK discount has allowed us to balance the portfolio with more defensive companies. These higher quality stocks have performed particularly well but many continue to offer strong absolute and relative value. Lastly, we are finding select opportunities to add positions in business models which are less correlated to the economic cycle, such as reinsurance companies.

Portfolio Statement

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	UNITED KINGDOM EQUITIES - 79.03% (2022 - 81.49%)		
	Aerospace & Defense - 1.94% (2022 - 2.36%)		
743,179	BAE Systems	6,738	1.94
		6,738	1.94
	Banks - 4.02% (2022 - 4.08%)		
607,904	Close Brothers	6,128	1.76
2,679,310	NatWest	7,864	2.26
		13,992	4.02
	Construction & Materials - 5.04% (2022 - 5.39%)		
1,420,645	Eurocell	2,060	0.59
662,318	Keller	5,312	1.53
2,222,216	Norcros	4,556	1.31
2,181,094	Tyman	5,595	1.61
		17,523	5.04
	Electricity - 3.79% (2022 - 3.42%)		
876,596	Drax	5,571	1.60
432,465	SSE	7,609	2.19
		13,180	3.79
	Electronic & Electrical Equipment - 1.62% (2022 - 1.43%)		
1,796,504	Morgan Advanced Materials	5,650	1.62
		5,650	1.62
	Finance & Credit Services - 2.70% (2022 - 3.89%)		
1,016,283	OSB	5,706	1.64
611,836	Paragon Banking	3,674	1.06
		9,380	2.70
	Food Producers - 2.68% (2022 - 2.46%)		
1,159,984	Tate & Lyle	9,315	2.68
		9,315	2.68
	Gas, Water & Multi-Utilities - 1.08% (2022 - 1.17%)		
356,683	National Grid	3,772	1.08
		3,772	1.08
	Household Goods & Home Construction - 3.65% (2022 - 4.04%)		
260,000	Bellway	5,741	1.65
1,373,323	Redrow	6,949	2.00
		12,690	3.65
	Industrial Metals and Mining - 2.12% (2022 - 0.00%)		
129,972	Rio Tinto	7,360	2.12
		7,360	2.12
	Industrial Support Services - 1.59% (2022 - 1.48%)		
1,212,446	SThree	5,523	1.59
		5,523	1.59
	Investment Banking & Brokerage - 6.66% (2022 - 7.40%)		
1,720,963	Ashmore	4,609	1.33
1,201,765	IG	9,644	2.77
693,896	St. James's Place	8,903	2.56
		23,156	6.66
	Leisure Goods - 1.70% (2022 - 0.00%)		
64,500	Games Workshop	5,924	1.70
		5,924	1.70
	Life Insurance - 1.47% (2022 - 2.07%)		
1,979,195	Legal & General	5,106	1.47
		5,106	1.47
	Non-life Insurance - 1.27% (2022 - 2.00%)		
200,243	Admiral	4,413	1.27
		4,413	1.27
	Oil, Gas & Coal - 10.03% (2022 - 11.40%)		
2,060,313	BP	11,457	3.30
3,646,981	Diversified Energy	3,811	1.10
649,863	Energean	7,779	2.24
465,136	Shell	11,782	3.39
		34,829	10.03

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	Personal Care, Drug & Grocery Stores - 3.39% (2022 - 3.63%)		
2,049,062	Tesco	5,215	1.50
158,887	Unilever	6,568	1.89
		11,783	**3.39**
	Pharmaceuticals & Biotechnology - 4.57% (2022 - 3.99%)		
735,305	GSK	10,446	3.00
1,709,451	Haleon	5,466	1.57
		15,912	**4.57**
	Precious Metals & Mining - 0.79% (2022 - 1.28%)		
20,451,473	Pan African Resources[1]	2,761	0.79
		2,761	**0.79**
	Real Estate Investment & Services - 1.48% (2022 - 1.44%)		
3,439,902	CLS	5,132	1.48
		5,132	**1.48**
	Real Estate Investment Trusts - 1.95% (2022 - 2.43%)		
978,000	Land Securities	6,772	1.95
		6,772	**1.95**
	Retailers - 5.24% (2022 - 3.21%)		
3,144,152	DFS Furniture	4,811	1.38
104,434	Next	7,189	2.07
1,600,000	Pets at Home	6,211	1.79
		18,211	**5.24**
	Software & Computer Services - 0.63% (2022 - 1.51%)		
1,969,671	Kin & Carta	2,194	0.63
		2,194	**0.63**
	Tobacco - 6.36% (2022 - 7.90%)		
411,167	British American Tobacco	13,048	3.75
445,653	Imperial Brands	9,091	2.61
		22,139	**6.36**
	Travel & Leisure - 3.26% (2022 - 3.51%)		
725,000	Fuller Smith & Turner	3,603	1.03
3,200,803	National Express	4,039	1.16
1,396,093	TEN Entertainment	3,713	1.07
		11,355	**3.26**
	OVERSEAS EQUITIES - 21.29% (2022 - 16.28%)		
	Bermuda Equities - 3.49% (2022 - 2.68%)		
6,027,389	Capital	6,329	1.82
1,207,364	Conduit	5,795	1.67
		12,124	**3.49**
	Cyprus Equities - 2.08% (2022 - 1.47%)		
2,009,884	Atalaya Mining[1]	7,235	2.08
		7,235	**2.08**
	France Equities - 2.09% (2022 - 2.03%)		
42,256	Sanofi	3,331	0.96
192,970	SCOR	3,930	1.13
		7,261	**2.09**
	Guernsey Equities - 0.69% (2022 - 0.63%)		
7,205,000	Duke Royalty[1]	2,414	0.69
		2,414	**0.69**
	Ireland Equities - 7.72% (2022 - 5.08%)		
213,764	CRH	8,338	2.40
238,024	DCC	10,906	3.13
800,000	Grafton	7,615	2.19
		26,859	**7.72**
	Isle of Man Equities - 0.78% (2022 - 0.77%)		
199,642	Entain	2,695	0.78
		2,695	**0.78**
	Jersey Equities - 3.37% (2022 - 2.61%)		
1,636,688	Man	4,331	1.25
712,540	WPP	7,360	2.12
		11,691	**3.37**

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	Switzerland Equities - 1.07% (2022 - 1.01%)		
42,711	Swiss Re	3,713	1.07
		3,713	**1.07**
	Investment assets[1]	348,802	100.32
	Net other liabilities	(1,105)	(0.32)
	Net assets	**347,697**	**100.00**

[1] Securities Listed on Alternative Investment Market.

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Comparative figures show percentages for each category of holding at 31 August 2022.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital gains		30,351		5,274
Revenue	6,362		4,153	
Expenses	(885)		(538)	
Interest payable and similar charges	-		(2)	
Net revenue before taxation	5,477		3,613	
Taxation	(29)		(18)	
Net revenue after taxation		5,448		3,595
Total return before distributions		**35,799**		**8,869**
Distributions		(5,420)		(3,546)
Change in net assets attributable to shareholders from investment activities		**30,379**		**5,323**

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		**341,426**		**166,289**
Amounts receivable on issue of shares	28,879		104,931	
Amounts payable on cancellation of shares	(53,019)		(15,961)	
		(24,140)		88,970
Change in net assets attributable to shareholders from investment activities (see above)		30,379		5,323
Unclaimed distributions		32		34
Closing net assets attributable to shareholders		**347,697**		**260,616**

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim Financial Statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the 'Distributions' figure includes 'Revenue received on creation of shares' and 'Revenue deducted on cancellation of shares'.

Balance Sheet

As at 28 February 2023 (unaudited)

	28 February 2023 £000s	28 February 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets:				
Fixed assets:				
Investments		348,802		333,825
Current assets:				
Debtors	2,039		4,418	
Cash and bank balances	2,627		11,998	
Total assets		**353,468**		**350,241**
Liabilities:				
Creditors:				
Distribution payable	(5,192)		(8,203)	
Other creditors	(579)		(612)	
Total liabilities		**(5,771)**		**(8,815)**
Net assets attributable to shareholders		**347,697**		**341,426**

Fund Information

Investment Objective and Policy

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

The ACD will invest at least 60% of the Fund's assets in stocks listed on the London Stock Exchange as represented on the FTSE All-Share Index Total Return GBP[1)].

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

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

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

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

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

Fund Details

Fund Manager	Simon Gergel and Richard Knight	
Benchmark	FTSE All-Share Index Total Return GBP.	
Income allocation date	31 August	
Income pay date	31 December (normally 31 October)	
Launch dates	Fund	20 June 2002
	A Shares	20 June 2002
	C Shares	27 March 2014
	E Shares	28 October 2021
	I Shares	1 June 2017
	I(EUR) Shares	28 October 2021
	Y Shares	20 February 2017
	O Shares	3 May 2018
ISA status	Yes	
Share Classes and types of Shares	A (Accumulation Shares)	
	C (Accumulation Shares)	
	E (Accumulation Shares)	
	I (Accumulation Shares)	
	I (Accumulation Shares)(EUR)	
	Y (Accumulation Shares)	
	O (Accumulation Shares)	
Minimum investment	A Shares	Lump sum £500
		Monthly saving £50
		(Available to Approved Investors only)
	C Shares	Lump sum £500
		Monthly saving £50
	E Shares	Lump sum £25,000,000
		(Available to Approved Investors only)
	I Shares	Lump sum £10,000,000
		(Available to Approved Investors only)
	I Shares (EUR)	Lump sum £10,000,000
		(Available to Approved Investors only)
	Y Shares	Lump sum £100,000,000
		(Available to Approved Investors only)
	O Shares	Lump sum £10,000,000
		(Available to Approved Investors only)
Initial charge	A Shares	Nil
	C Shares	Nil
	E Shares	Nil
	I Shares	Nil
	I Shares(EUR)	Nil
	Y Shares	Nil
	O Shares	Nil
Annual ACD fee	A Shares	1.25%
	C Shares	0.75%
	E Shares	0.33%
	I Shares	0.50%
	I Shares(EUR)	0.50%
	Y Shares	0.30%
	O Shares	0.20%*

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

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares Accumulation	28 February 2023	664	7,889	8,412.68
C Shares Accumulation	28 February 2023	149,332	74,021,756	201.74
E Shares Accumulation	28 February 2023	33,757	31,685,529	106.54
I Shares Accumulation	28 February 2023	52,059	33,166,960	156.96
I EUR Shares Accumulation	28 February 2023	-	1,000	89.77
Y Shares Accumulation	28 February 2023	3	30	8,574.96
O Shares Accumulation	28 February 2023	3,926	2,834,262	138.51

Operating Charges

Share Class	Year Ended	(%)
A Shares Accumulation	31 August 2022	1.29
C Shares Accumulation	31 August 2022	0.81
E Shares Accumulation	31 August 2022	0.36
I Shares Accumulation	31 August 2022	0.53
I EUR Shares Accumulation	31 August 2022	0.42
Y Shares Accumulation	31 August 2022	0.40
O Shares Accumulation	31 August 2022	0.20

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
A Shares Accumulation	31 October 2022	184.3706
C Shares Accumulation	31 October 2022	5.3228
E Shares Accumulation	31 October 2022	2.8493
I Shares Accumulation	31 October 2022	4.5421
I EUR Shares Accumulation	31 October 2022	2.7380
Y Shares Accumulation	31 October 2022	258.5666
O Shares Accumulation	31 October 2022	4.2600

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

Investment Review

Performance Summary

Over the six-month period from September 1, 2022 to February 28, 2023, the Fund's 'C' class shares produced a total return of 10.5%. The Fund's benchmark, the FTSE All Share Total Return Index, produced a total return of 8.7% (all figures are net of fees in GBP). As a result, the portfolio outperformed its benchmark by 1.7%.

Market Background

The period under review was an eventful one for the UK. In six months, the nation saw two monarchs, three Prime Ministers and just as many Chancellors of the Exchequer. The "mini-budget" of Liz Truss and Kwasi Kwarteng, brief holders of the latter posts respectively, provoked turmoil in UK financial markets, notably in liability driven investment (LDI) pension schemes and mortgages. While resolved by prompt action from the Bank of England, it coincided with dour expectations for the UK economy. Sharp increases in the price of energy, food and labour drove consumer price inflation to a peak of 11% in October. In response, interest rates over the period leapt from 1.75% in September to 4.00% in February. As a result, the phrase "cost of living crisis" has now entered popular parlance.

The mood has brightened a little of late, however. A warmer than expected winter in Europe, combined with the continent's unexpected speed at assembling additional natural gas supplies, has lowered energy prices across the board. The replacement of Truss and Kwarteng by Rishi Sunak and Jeremy Hunt respectively, also restored some international confidence in UK domestic politics. A notable example came in the form of the Windsor Framework, by which the UK and European Union (EU) agreed to amend the Northern Ireland Protocol as a means to resolve trading after Brexit. Robust consumer demand, resilient employment data and signs that inflation may be peaking globally have also lifted economic expectations in the near-term.

Portfolio Review

The portfolio consists of UK equities, selected across market capitalisations and without reference to a benchmark. Our goal is to deliver returns exceeding the FTSE All Share total return over the long term, defined as rolling 3 and 5 year periods.

Performance over the period was primarily driven by sector allocation. This is more a reflection of the sentiment-driven and top-down way in which markets have behaved, rather than our portfolio construction process. Indeed, the latter is designed to ensure that allocations to sectors are themselves a by-product of stock selection, rather than the other way round.

Positive contributions to return therefore have included an overweight allocation to Consumer Discretionary stocks, and an underweight allocation to Consumer Staples. This reflects a combination of easing commodity prices and government support for energy bills, all of which led to surprisingly robust spending from UK consumers. Stock selection in the Basic Materials and Consumer Staples sectors also contributed positively. On the negative side, the largest detractor from performance was stock selection in the Energy, Industrials and Technology sectors.

On a final factor note, the portfolio's high exposure to smaller companies also boosted performance. This reversed one of 2022's more enduring trends, where stocks in the FTSE 100 tended to outperform smaller-company indices. Smaller companies often underperform temporarily during periods of market stress and prices can diverge significantly from intrinsic value. We believed that amid fears of a stagflationary recession, many smaller companies were more resilient than the market appreciated, particularly where perceptions of cyclicality failed to account for a continued post-pandemic recovery.

At a single stock level, the top three contributors to performance were the copper producer Atalaya Mining, specialist reinsurance business Conduit Holdings and Jet2. As discussed, all three names are lower down the market cap spectrum and both Atalaya and Jet2 have elements of cyclicality which have been misunderstood by the market. Atalaya is exposed to higher energy prices, but the extent to which this threatened the longer-term structural demand for copper was overdone. Similarly, Jet2 continued to experience an exceptional post-Covid recovery, with expected annual revenue growth of 304% in 2023. Not owning Diageo, Reckitt Benckiser and AstraZeneca – three large cap, defensive stocks which lagged the broader market – also lifted relative returns.

Investment Review continued

The weakest contributors to performance over the period were the IT consultant Kin and Carta, the transport company National Express Group and natural gas provider Serica Energy. Serica largely weakened in line with energy prices. Shares in Kin and Carta have been penalised for weaker organic growth, reflecting softer spending across the IT sector. However, with a healthy sales backlog and further expected margin growth from restructuring, the long-term investment case remains intact. Meanwhile, National Express announced higher than expected labour costs in its US operations and a weaker outlook for 2023, which markets met with significant consternation. Recent positive results and discussions with management suggest this was a poorly handled attempt to manage expectations, rather than a total reset.

Over the period we added six stocks to the portfolio and sold out of six positions. Additions included three names with consumer retail exposure – Moonpig, Pets at Home and Games Workshop – as well as the producer and retailer of building supplies Grafton Group. We also initiated positions in the ingredients producer Tate & Lyle and Essentra. Both companies are in a process of transition, shifting their business models from commoditised production to more sophisticated, higher margin output. We exited our positions in Harland & Wolff, Hunting, Likewise Group, Melrose Industries, Mercantile Ports and Real Estate Investors.

Outlook

The UK economic outlook remains uncertain. Nonetheless, valuations for UK companies continue to be generally modest and we are able to find many attractively-priced, strong businesses, even after recent strength. Given the uncertainty, where we have bought cyclical companies, we have prioritised those with robust balance sheets and defensible competitive advantages. This approach to portfolio construction is done on the premise that such businesses should be able to weather any difficult periods with their business models intact.

At the same time, the broader UK discount has allowed us to balance the portfolio with more defensive companies. These higher quality stocks have performed particularly well but many continue to offer strong absolute and relative value. Lastly, we are finding select opportunities to add positions in business models which are less correlated to the economic cycle, such as reinsurance companies.

Portfolio Statement

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	UNITED KINGDOM EQUITIES - 85.18% (2022 - 88.19%)		
	Aerospace & Defense - 1.55% (2022 - 1.62%)		
409,428	BAE Systems	3,712	1.55
		3,712	1.55
	Banks - 4.02% (2022 - 3.41%)		
422,335	Close Brothers	4,257	1.78
1,825,911	NatWest	5,359	2.24
		9,616	4.02
	Construction & Materials - 5.09% (2022 - 5.37%)		
878,333	Eurocell	1,274	0.53
467,815	Keller	3,752	1.57
1,516,465	Norcros	3,109	1.30
1,578,503	Tyman	4,049	1.69
		12,184	5.09
	Electricity - 1.96% (2022 - 1.85%)		
739,553	Drax	4,700	1.96
		4,700	1.96
	Finance & Credit Services - 4.26% (2022 - 4.81%)		
5,400,000	Distribution Finance Capital[1]	2,052	0.86
974,633	OSB	5,473	2.28
446,814	Paragon Banking	2,683	1.12
		10,208	4.26
	Food Producers - 1.68% (2022 - 0.00%)		
501,866	Tate & Lyle	4,030	1.68
		4,030	1.68
	Gas, Water & Multiutilities - 0.00% (2022 - 0.32%)		
	General Industrials - 0.00% (2022 - 2.50%)		
	Health Care Providers - 2.19% (2022 - 2.25%)		
2,148,361	Spire Healthcare	5,253	2.19
		5,253	2.19
	Household Goods & Home Construction - 5.25% (2022 - 6.11%)		
1,833,662	Crest Nicholson	4,430	1.85
894,444	Redrow	4,526	1.89
2,800,000	Sanderson Design[1]	3,612	1.51
		12,568	5.25
	Industrial Support Services - 4.60% (2022 - 2.42%)		
3,745,000	Driver[1]	1,123	0.47
1,590,000	Empresaria[1]	1,018	0.42
2,163,224	Filtrona	4,911	2.05
876,321	SThree	3,992	1.66
		11,044	4.60
	Investment Banking & Brokerage - 8.69% (2022 - 9.66%)		
1,516,301	Ashmore	4,061	1.69
826,030	IG	6,629	2.76
12,406,588	Mercia Asset Management[1]	3,598	1.50
511,263	St. James's Place	6,560	2.74
		20,848	8.69
	Leisure Goods - 1.69% (2022 - 0.00%)		
44,022	Games Workshop	4,043	1.69
		4,043	1.69
	Oil, Gas & Coal - 11.12% (2022 - 14.45%)		
1,288,920	BP	7,168	2.99
2,571,961	Diversified Energy	2,688	1.12
461,577	Energean	5,525	2.30
6,150,000	Enteq Technologies[1]	738	0.31
1,281,974	Serica Energy[1]	3,295	1.37
286,443	Shell	7,255	3.03
		26,669	11.12
	Personal Care, Drug & Grocery Stores - 1.53% (2022 - 2.70%)		
89,010	Unilever	3,679	1.53
		3,679	1.53
	Pharmaceuticals & Biotechnology - 2.21% (2022 - 1.02%)		
1,660,019	Haleon	5,308	2.21
		5,308	2.21

Portfolio Statement continued

As at 28 February 2023

Holding		Market Value £'000	% of Net Assets
	Precious Metals & Mining - 2.10% (2022 - 2.96%)		
155,323	Endeavour Mining	2,636	1.10
17,704,393	Pan African Resources[1]	2,390	1.00
		5,026	2.10
	Real Estate Investment & Services - 3.94% (2022 - 3.41%)		
3,131,487	CLS	4,672	1.95
1,334,700	Helical	4,765	1.99
		9,437	3.94
	Real Estate Investment Trusts - 0.00% (2022 - 0.32%)		
	Retailers - 6.84% (2022 - 2.41%)		
2,243,466	DFS Furniture	3,432	1.43
712,910	Howden Joinery	5,147	2.15
2,955,609	Moonpig	3,440	1.43
1,129,199	Pets at Home	4,383	1.83
		16,402	6.84
	Software & Computer Services - 2.54% (2022 - 3.15%)		
2,775,000	Baltic Classifieds	4,384	1.83
1,531,245	Kin & Carta	1,706	0.71
		6,090	2.54
	Tobacco - 5.22% (2022 - 7.94%)		
236,510	British American Tobacco	7,506	3.13
245,170	Imperial Brands	5,001	2.09
		12,507	5.22
	Travel & Leisure - 8.70% (2022 - 9.51%)		
511,518	Fuller Smith & Turner	2,542	1.06
447,536	JET2[1]	5,737	2.39
2,166,934	National Express	2,735	1.14
2,071,600	SSP	5,353	2.23
1,172,252	TEN Entertainment	3,118	1.30
7,100,000	XP Factory[1]	1,384	0.58
		20,869	8.70
	OVERSEAS EQUITIES - 13.50% (2022 - 9.63%)		
	Bermuda Equities - 5.11% (2022 - 4.11%)		
5,715,000	Capital	6,001	2.50
1,301,642	Conduit	6,248	2.61
		12,249	5.11
	Cyprus Equities - 2.32% (2022 - 1.80%)		
1,546,595	Atalaya Mining[1]	5,568	2.32
		5,568	2.32
	Guernsey Equities - 0.63% (2022 - 0.57%)		
7,256,654	Better Capital PCC 2012	-	-
4,532,458	Duke Royalty[1]	1,518	0.63
		1,518	0.63
	Ireland Equities - 4.97% (2022 - 2.81%)		
149,919	DCC	6,869	2.86
530,820	Grafton	5,053	2.11
		11,922	4.97
	Jersey Equities - 0.47% (2022 - 0.34%)		
4,137,341	SafeStyle UK[1]	1,129	0.47
		1,129	0.47
	Investment assets	236,579	98.68
	Net other assets	3,162	1.32
	Net assets	**239,741**	**100.00**

[1] Securities Listed on Alternative Investment Market.

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

Unless otherwise stated, all investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market.

Comparative figures show percentages for each category of holding at 31 August 2022.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital gains		19,773		3,620
Revenue	4,464		2,411	
Expenses	(803)		(563)	
Interest payable and similar charges	-		-	
Net revenue before taxation	3,661		1,848	
Taxation	(28)		(30)	
Net revenue after taxation		3,633		1,818
Total return before distributions		**23,406**		**5,438**
Distributions		(431)		286
Change in net assets attributable to shareholders from investment activities		**22,975**		**5,724**

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		**263,808**		**131,282**
Amounts receivable on issue of shares	17,095		48,883	
Amounts payable on cancellation of shares	(64,137)		(11,095)	
		(47,042)		37,788
Change in net assets attributable to shareholders from investment activities (see above)		22,975		5,724
Closing net assets attributable to shareholders		**239,741**		**174,794**

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim Financial Statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the ‘Distributions’ figure includes ‘Revenue received on creation of shares’ and ‘Revenue deducted on cancellation of shares’.

Balance Sheet

As at 28 February 2023 (unaudited)

	28 February 2023 £000s	28 February 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets:				
Fixed assets:				
Investments		236,579		258,068
Current assets:				
Debtors	803		2,269	
Cash and bank balances	4,102		9,040	
Total assets		**241,484**		**269,377**
Liabilities:				
Creditors:				
Other creditors	(1,743)		(5,569)	
Total liabilities		**(1,743)**		**(5,569)**
Net assets attributable to shareholders		**239,741**		**263,808**

Fund Information

Investment Objective and Policy*

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

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

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

The Fund may also invest in collective investment schemes.

*The Fund merged into the Allianz UK Listed Opportunities Fund effective from 26 August 2022 and will be terminated in the near future upon receipt of FCA approval. Therefore, no subscriptions are currently being accepted into this Fund.

Fund Details

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

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

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

All Share Classes were closed on 26 August 2022.

Fund Information continued

As at 28 February 2023 (unaudited)

Net Asset Value

Share Class	Period Ended	Net Asset Value (£000s)	Number of Shares in Issue	Net Asset Value per Share (p)
A Shares Accumulation	28 February 2023	-	-	-
C Shares Accumulation	28 February 2023	-	-	-
O Shares Accumulation	28 February 2023	-	-	-
W Shares Accumulation	28 February 2023	-	-	-

Operating Charges

Share Class	Year Ended	(%)
A Shares Accumulation	31 August 2022	1.57
C Shares Accumulation	31 August 2022	0.86
O Shares Accumulation	31 August 2022	0.20
W Shares Accumulation	31 August 2022	0.54

Operating Charges represent 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.

Summary of Distribution

Share Class	Payment date	Net distribution per share (p)
A Shares Accumulation	31 October 2022	-
C Shares Accumulation	31 October 2022	-
O Shares Accumulation	31 October 2022	-
W Shares Accumulation	31 October 2022	-

The Allianz UK Mid Cap Fund closed on 26 August 2022, by way of merger with the Allianz UK Listed Opportunities Fund.

Portfolio Statement

As at 28 February 2023

The Fund merged into the Allianz UK Listed Opportunities Fund effective from 26 August 2022 and will be terminated in the near future upon receipt of FCA approval. Therefore, the Fund holds no portfolio assets and no subscriptions are currently being accepted into this Fund.

Statement of Total Return

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Income:				
Net capital losses		-		(10,398)
Revenue	2		426	
Expenses	(2)		(181)	
Interest payable and similar charges	-		-	
Net revenue before taxation	-		245	
Net revenue after taxation		-		245
Total return before distributions		**-**		**(10,153)**
Distributions		-		(15)
Change in net assets attributable to shareholders from investment activities		**-**		**(10,168)**

Statement of Change in Net Assets Attributable to Shareholders

For the six months ended 28 February 2023 (unaudited)

	2023 £000s	2023 £000s	2022 £000s	2022 £000s
Opening net assets attributable to shareholders		**-**		**48,166**
Amounts receivable on issue of shares	-		260	
Amounts payable on cancellation of shares	-		(3,417)	
		-		(3,157)
Change in net assets attributable to shareholders from investment activities (see above)		-		(10,168)
Closing net assets attributable to shareholders		**-**		**34,841**

Section 3.30 of the IMA SORP issued in May 2014 requires comparative figures for the above statement. For interim Financial Statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Please note that the 'Distributions' figure includes 'Revenue received on creation of shares' and 'Revenue deducted on cancellation of shares'.

Balance Sheet

As at 28 February 2023 (unaudited)

	28 February 2023 £000s	28 February 2023 £000s	31 August 2022 £000s	31 August 2022 £000s
Assets:				
Current assets:				
Debtors	5		132	
Total assets		**5**		**132**
Liabilities:				
Creditors:				
Other creditors	(5)		(132)	
Total liabilities		**(5)**		**(132)**
Net assets attributable to shareholders		**-**		**-**

The Allianz UK Mid Cap Fund closed on 26 August 2022, by way of merger with the Allianz UK Listed Opportunities Fund.

Authorised Corporate Director's Report to the Shareholders

REPORT OF THE AUTHORISED CORPORATE DIRECTOR TO THE SHAREHOLDERS OF THE Allianz UK & European Investment Funds FOR SIX MONTHS ENDED 28 February 2023.

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

Thomas Schindler	Ingo Mainert
Authorised signatory	Authorised signatory

28 April 2023

Additional Information

How will I be kept informed of my investment?

You will receive a full statement of your investments as at 5 April and 5 October sent to you at the end of April and end of October respectively. You can also request a valuation at any time by calling 0800 073 2001.

In addition, the share prices are published daily on our website at www.allianzglobalinvestors.co.uk

Interim and audited annual long form reports as at 28/29 February and 31 August can be obtained from our website or by calling the number above.

Taxation

Capital gains tax

Investors are only liable to capital gains tax if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption (£6,000 for 2023/2024 year, £12,570 2022/2023 year). If gains in excess of this exemption are realised the excess is taxable at the rate of UK capital gains tax applicable to the investor, being either 10% (18% prior to April 2016) or (for higher & additional rate taxpayers) 20% (28% prior to April 2016).

Income tax

Distributions, whether they are paid out or accumulated, are treated as income for tax purposes.

Dividend distributions (Equity Funds)

An individual Shareholder who is resident for tax purposes in the United Kingdom will receive an annual Dividend Allowance which will exempt from tax his first £2,000 of dividend income, including dividend distributions received or deemed to be received from a Fund. Dividend income in excess of the Dividend Allowance is taxed at 7.5%, 32.5% or 38.1%, to the extent that income falls within the basic rate income tax band, the higher rate income tax band or the additional rate income tax band, respectively. Individual Shareholders should note that dividend income forms the top slice of an individual's income and that all dividend income (including that income exempted from tax by virtue of the Dividend Allowance) is counted when determining which income tax rate band is applicable.

Interest distributions (Bond Funds)

From 6 April 2016, an interest tax-free allowance was introduced. The allowance is dependent on the Income Tax band of the investor, £1,000 (basic rate), £500 (higher rate) and £0 (additional rate).

Risk warning

Investors are reminded that the value of shares of a subfund and the income from the shares may go down as well as up and is not guaranteed. An investor may not get back the amount he/she has invested. The past is no guide to future performance. Details of the risk factors are published in the full prospectus which may be accessed at www.allianzglobalinvestors.co.uk. Alternatively, call our Investor Services team on 0800 317 573 to request a copy free of charge.

Complaints

A copy of our leaflet, "Allianz Global Investors Complaints Process", is available on request. Any eligible complainant having any complaint in respect of the Fund should inform Allianz Global Investors GmbH, UK Branch, in writing of the details of the complaint. This will then be investigated and a reply provided as soon as possible and any appropriate remedial action taken. In addition, eligible complainants will have a right of complaint directly to the Financial Ombudsman Service if he/she is not satisfied with the outcome of the investigation into the complaint. Details of the Financial Services Compensation Scheme established under the Financial Services and Market Act 2000, under which an investor may be entitled to receive compensation if the ACD is unable to meet any of its liabilities to the investor are available on written request from the ACD.

Additional Information continued

Telephones

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

Allianz Global Investors GmbH, UK Branch
199 Bishopsgate
London EC2M 3TY

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