

AllianzGI Convertible & Income Fund

Form N-CSR

May 01, 2018

**Table of Contents**

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

**Investment Company Act file number: 811-21284**

**AllianzGI Convertible & Income Fund**

**(Exact name of registrant as specified in charter)**

**1633 Broadway, New York, NY 10019**

**(Address of principal executive offices) (Zip code)**

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

**Scott Whisten 1633 Broadway, New York, New York 10019**

**(Name and address of agent for service)**

**Registrant's telephone number, including area code: 212-739-3367**

**Date of fiscal year end: February 28**

**Date of reporting period: February 28, 2018**

**Table of Contents**

Item 1. Report to Shareholders

AllianzGI Convertible & Income 2024 Target Term Fund

AllianzGI Convertible & Income Fund

AllianzGI Convertible & Income Fund II

**Annual Report**

**February 28, 2018**

**Table of Contents**

Table of Contents

2	3	<u>Letter from the President</u>
4	6	<u>Fund Insights</u>
7	10	<u>Performance &amp; Statistics</u>
11	36	<u>Schedules of Investments</u>
	37	<u>Statements of Assets and Liabilities</u>
	38	<u>Statements of Operations</u>
39	41	<u>Statements of Changes in Net Assets</u>
	42	<u>Statement of Cash Flows</u>
43	45	<u>Financial Highlights</u>
46	61	<u>Notes to Financial Statements</u>
	62	<u>Report of Independent Registered Public Accounting Firm</u>
	63	<u>Tax Information</u>
	64	<u>Annual Shareholder Meeting Results</u>
	65	<u>Changes to the Board of Trustees and Officers/ Proxy Voting Policies &amp; Procedures</u>
66	68	<u>Privacy Policy</u>
69	70	<u>Dividend Reinvestment Plan</u>
71	73	<u>Board of Trustees</u>
	74	<u>Fund Officers</u>

**Table of Contents**

Letter from the President

Thomas J. Fuccillo

*President & Chief Executive Officer*

Dear Shareholder:

The US economy continued to expand during the twelve-month fiscal reporting period ended February 28, 2018. This trend also occurred outside the US, and global inflation remained well-contained. Against this backdrop, US and international equities generated very strong results. Elsewhere, the US bond market posted a modest gain during the reporting period.

For the period since its inception on June 30, 2017 through February 28, 2018:

AllianzGI Convertible & Income 2024 Target Term Fund returned 2.87% on net asset value ( NAV ) and -4.59% on market price.

For the twelve-month reporting period ended February 28, 2018:

AllianzGI Convertible & Income Fund returned 7.04% on NAV and 12.22% on market price.

AllianzGI Convertible & Income Fund II returned 7.33% on NAV and 10.84% on market price.

During the twelve-month period ended February 28, 2018, the Standard & Poor's ( S&P ) 500 Index, an unmanaged index generally representative of the US stock market, rose 17.09% and the ICE BofA Merrill Lynch High Yield Master II Index, an unmanaged index generally representative of the high yield bond market, gained 4.12%. Convertible securities, which share characteristics of both stocks and bonds, also generated strong results. The ICE BofA Merrill Lynch All Convertibles All Qualities Index, an unmanaged index generally representative of the convertible securities market, returned 10.77%.

Turning to the US economy, gross domestic product ( GDP ), the value of goods and services produced in the country, which is the broadest measure of economic activity and the principal indicator of economic performance, expanded at a 1.2% annualized pace during the first quarter of 2017. GDP growth then improved to an annual pace of 3.1% and 3.2% during the second and third quarters of 2017, respectively. Finally, the Commerce Department's third reading released after the reporting period had ended showed that GDP grew at an annual pace of 2.9% for the fourth quarter of 2017.

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

The US Federal Reserve (the Fed) raised interest rates three times during the reporting period: in March 2017, June 2017 and December 2017. With the rate hike in December, the federal funds rate moved to a range between 1.25% and 1.50%. Meanwhile, in October 2017 the Fed started to gradually reduce its balance sheet a process that will likely take several years. The Fed's actions during the fiscal year were well telegraphed and there were minimal market disruptions. On March 21, 2018 after the reporting period had ended the Fed again raised rates, pushing the federal funds rate to a range between 1.50% and 1.75%.

2 Annual Report | February 28, 2018

**Table of Contents**

**Outlook**

Since the depths of the global financial crisis, central banks have supported financial markets and the economies they serve through expansionary monetary policies, increasing their balance sheets to previously unheard-of sizes. In our opinion, the strong growth in corporate profits and diminishing fears of deflation show that this approach has worked, and central banks will be careful not to stifle current gains.

Receive this report electronically and eliminate paper mailings.

To enroll, visit

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

So, while we anticipate the scale of central bank support will diminish in 2018 led by the Fed we expect the overall shift to be slow and the precise actions to vary from one central bank to the next. In our view, interest rates will stay low overall in 2018. Consequently, we believe investors should continue to keep a careful eye on inflation, particularly because official data appear to understate rises in real-world costs. In addition to macroeconomic considerations, we feel several dominant investment themes, including geopolitical risk and business disruption, will persist in 2018.

Against this backdrop, we will continue to use our fundamental research and insights and our strong global network to help our clients balance risk and reward. Where appropriate, we will also seek to capitalize on volatility spikes and prepare to trim exposure to risky assets if cyclical data start to lose momentum.

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

On behalf of Allianz Global Investors U.S. LLC, the Funds investment manager, thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Thomas J. Fuccillo  
*President & Chief Executive Officer*





## **Table of Contents**

### **Fund Insights**

AllianzGI Convertible & Income 2024 Target Term Fund / AllianzGI Convertible & Income Fund /AllianzGI Convertible & Income Fund II

February 28, 2018 (unaudited)

### **AllianzGI Convertible & Income 2024 Target Term Fund**

For the period from inception on June 30, 2017 through February 28, 2018, as provided by Doug Forsyth, CFA, Portfolio Manager.

For the period since the Fund's inception through February 28, 2018, the AllianzGI Convertible & Income 2024 Target Term Fund (the Fund) returned 2.87% on net asset value (NAV) and -4.59% on market price.

### **Market Environment**

Several factors influenced convertible bonds, high-yield bonds, and senior secured loans throughout the reporting period, including constructive economic trends, corporate fundamentals, the US Federal Reserve's (the Fed) actions and commentary, tax reform and rising commodity prices.

Strong US economic trends supported the market over the reporting period. Key manufacturing and service surveys signaled ongoing expansion and housing prices rose. The unemployment rate continued to decline, consumer confidence remained elevated and inflation remained relatively stable.

Credit and profitability trends showed sustained improvement during the reporting period with most convertible, high-yield bond, and senior secured loan issuers reporting financial results that met or exceeded expectations. In particular, net leverage and interest coverage for the high-yield market were better quarter-over-quarter.

The Fed increased its benchmark interest rate three times in 2017, ending the year with a range of 1.25% to 1.50%. The Fed also began to

trim its balance sheet holdings, starting with a \$10 billion reduction in October 2017.

All three markets also benefited from optimism tied to tax reform progress and the resulting expectation of greater corporate profitability. The Tax Cuts and Jobs Act included several positive elements such as a reduction in the corporate tax rate and the immediate expensing of capital expenditures. However, the bill placed limits on the deductibility of interest expense. On balance, the prospect of US companies capturing tax savings lifted investor sentiment.

Crude oil prices rose during the reporting period and in January 2018 reached levels not seen since 2014, which benefited energy- and commodity-related issuers.

### **Portfolio Specifics**

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

The Fund was a natural beneficiary of investors' increased appetite for risk assets. The convertible, high-yield bond, and senior secured loan asset classes all finished the reporting period higher. In addition to providing a strong total return, the Fund also provided a high level of income over the reporting period.

In the convertible bond sleeve, sectors that contributed positively to relative performance were energy, materials, and industrials. On the other hand, transportation, media, and utilities pressured relative performance.

In the high-yield bond sleeve, industry exposure that helped relative performance included healthcare, financial services, and technology and electronics. Conversely, the telecommunication, energy, and support-services industries hindered relative performance.

**4** Annual Report | February 28, 2018

## **Table of Contents**

In the senior secured loan sleeve, all industries were positive. The top-contributing industries included technology and electronics, healthcare, and trucking and delivery.

## **Outlook**

At the end of the reporting period, US stock markets were trading near all-time highs and interest rates were above their prior lows on an improving economic outlook. Historically, these factors have been positive indicators for both economic and corporate earnings growth and supportive of investments in risk assets.

We believe the US economy will expand at a moderate pace in 2018 given favorable economic indicators exiting 2017. We believe the impact of tax cuts, progress toward an infrastructure spending bill and continued deregulation efforts could result in even stronger US growth. Conversely, potential risks to the economy include geopolitical and US political missteps, monetary policy surprises by the Fed or unexpected high rates of inflation.

After bottoming in the second quarter of 2016, corporate profits have accelerated through the fourth quarter of 2017. Based on bottom-up estimates, we believe earnings are poised to trend higher throughout 2018.

## **AllianzGI Convertible & Income Fund / AllianzGI Convertible & Income Fund II**

For the period of March 1, 2017, through February 28, 2018, as provided by Doug Forsyth, CFA, Portfolio Manager.

For the twelve-month period ended February 28, 2018, the AllianzGI Convertible & Income Fund returned 7.04% on net asset value ( NAV ) and 12.22% on market price.

For the twelve-month period ended February 28, 2018, the AllianzGI Convertible & Income Fund II returned 7.33% on NAV and 10.84% on market price.

## **Market Environment**

Several factors influenced convertible bonds and high-yield bonds throughout the reporting period, including constructive economic trends, corporate fundamentals, the US Federal Reserve's (the Fed) actions and commentary, tax reform and rising commodity prices.

Strong US economic trends supported the market over the reporting period. Key manufacturing and service surveys signaled ongoing expansion and housing prices rose. The unemployment rate continued to decline, consumer confidence remained elevated and inflation remained relatively stable.

Credit and profitability trends showed sustained improvement during the reporting period with most convertible and high-yield bond issuers reported financial results that met or exceeded expectations. In particular, net leverage and interest coverage for the high-yield market were better quarter-over-quarter.

The Fed increased its benchmark interest rate three times in 2017, ending the year with a range of 1.25% to 1.50%. The Fed also began to trim its balance sheet holdings, starting with a \$10 billion reduction in October.

Both markets also benefited from optimism tied to tax reform progress and the resulting expectation of greater corporate profitability. The Tax Cuts and Jobs Act included several positive elements such as a reduction in the corporate tax rate and the immediate expensing of capital expenditures. However, the bill placed limits on the deductibility of interest expense. On balance, the prospect of US companies capturing tax savings lifted investor

sentiment.

Crude oil prices rose during the reporting period and in January reached levels not seen since 2014, which benefited energy- and commodity-related issuers.

### **Portfolio Specifics**

The Funds were natural beneficiaries of investors' increased risk appetite across the convertible and high-yield bond asset classes. In addition to providing a strong total return, the Funds also provided a high level of income over the reporting period.

In the convertible sleeve, sectors that contributed positively to relative performance were consumer discretionary, healthcare, and media. On the other hand, technology, telecommunication, and financials sectors pressured relative performance.

February 28, 2018 | Annual Report 5

**Table of Contents**

In the high-yield bond sleeve, industries that aided relative performance were financial services, retail, and healthcare. In contrast, printing and publishing, telecommunications, and support-services hampered relative performance.

**Outlook**

At the end of the reporting period, US stock markets were trading near all-time highs and interest rates were above their prior lows on an improving economic outlook. Historically, these factors have been positive indicators for both economic and corporate earnings growth and supportive of investments in risk assets.

We believe the US economy will expand at a moderate pace in 2018 given favorable economic indicators exiting 2017. Corporate profits have accelerated and based on bottom-up estimates, earnings are poised to trend higher throughout 2018.

In addition, US monetary policy continues to be modestly accommodative with the Fed and new Chair Jerome Powell expected to take a gradual approach toward policy adjustments.

**Table of Contents**

**Performance & Statistics**

AllianzGI Convertible & Income 2024 Target Term Fund

February 28, 2018 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
Commencement of Operations (6/30/17) to 2/28/18	-4.59%	2.87%

**Market Price/NAV Performance:**

Commencement of Operations (6/30/17) to 2/28/18

**Market Price/NAV:**

Market Price	\$9.22
NAV <sup>(2)</sup>	\$9.79
Discount to NAV	-5.82%
Market Price Yield <sup>(3)</sup>	5.99%
Leverage <sup>(4)</sup>	28.05%

**S&P Global Ratings\***

(as a % of total investments)

See Notes to Performance & Statistics on page 10.

**Table of Contents**

**Performance & Statistics**

AllianzGI Convertible & Income Fund

February 28, 2018 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	12.22%	7.04%
5 Year	6.69%	6.44%
10 Year	7.28%	6.82%
Commencement of Operations (3/31/03) to 2/28/18	7.72%	7.77%

**Market Price/NAV Performance:**

Commencement of Operations (3/31/03) to 2/28/18

**Market Price/NAV:**

Market Price	\$6.93
NAV <sup>(2)</sup>	\$6.54
Premium to NAV	5.96%
Market Price Yield <sup>(3)</sup>	11.10%
Leverage <sup>(5)</sup>	38.07%

**S&P Global Ratings\***

(as a % of total investments)

See Notes to Performance & Statistics on page 10.

8 Annual Report | February 28, 2018

**Table of Contents**

**Performance & Statistics**

AllianzGI Convertible & Income Fund II

February 28, 2018 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	10.84%	7.33%
5 Year	5.67%	6.48%
10 Year	6.53%	6.17%
Commencement of Operations (7/31/03) to 2/28/18	6.51%	6.76%

**Market Price/NAV Performance:**

Commencement of Operations (7/31/03) to 2/28/18

**Market Price/NAV:**

Market Price	\$6.10
NAV <sup>(2)</sup>	\$5.87
Premium to NAV	3.92%
Market Price Yield <sup>(3)</sup>	10.01%
Leverage <sup>(5)</sup>	38.37%

**S&P Global Ratings\***

(as a % of total investments)

See Notes to Performance & Statistics on page 10.



## Table of Contents

### Performance and Statistics

#### AllianzGI Convertible & Income Funds

February 28, 2018 (unaudited)

#### Notes to Performance & Statistics:

\* Credit ratings apply to the underlying holdings of the Funds and not the Funds themselves and are divided into categories ranging from highest to lowest credit quality, determined for purposes of presentations in this report by using ratings provided by S&P Global Ratings ( S&P ). Presentations of credit ratings information in this report use ratings provided by S&P for this purpose, among other reasons, because of the access to background information and other materials provided by S&P, as well as the Funds' considerations of industry practice. Securities not rated by S&P, or bonds that do not have a rating available from S&P, or bonds that had a rating withdrawn by S&P are designated as NR or NA, respectively. Credit quality ratings assigned by a rating agency are subjective opinions, not statements of fact, and are subject to change periodically, even as frequently as daily. Ratings assigned by S&P or another rating agency are not absolute standards of credit quality and do not evaluate market risk. Rating agencies may fail to make timely changes in credit ratings, and an issuer's current financial condition may be better or worse than a rating indicates. In formulating investment decisions for the Funds, Allianz Global Investors U.S. LLC develops its own analysis of the credit quality and risks associated with individual debt instruments, rather than relying exclusively on rating agencies or third-party research.

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

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

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

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

(3) Market Price Yield is determined by dividing the annualized current monthly dividend per common share (comprised of net investment income) by the market price per common share at February 28, 2018.

(4) Represents amounts drawn under the short-term margin loan facility ( Leverage ) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

(5) Represents Preferred Shares ( Leverage ) outstanding, as a percentage of total managed assets. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018

Principal Amount (000s)		Value
<b>Corporate Bonds &amp; Notes 58.9%</b>		
<b>Aerospace &amp; Defense 1.7%</b>		
\$1,500	KLX, Inc., 5.875%, 12/1/22 (a)(c)(d)	\$1,550,625
1,500	TransDigm, Inc., 6.50%, 7/15/24 (d)	1,550,625
		3,101,250
<b>Auto Components 0.9%</b>		
1,500	American Axle & Manufacturing, Inc., 6.625%, 10/15/22 (d)	1,552,500
<b>Building Materials 0.8%</b>		
1,500	Builders FirstSource, Inc., 5.625%, 9/1/24 (a)(c)(d)	1,531,875
<b>Chemicals 3.5%</b>		
1,500	Chemours Co., 6.625%, 5/15/23 (d)	1,584,375
1,500	Platform Specialty Products Corp., 6.50%, 2/1/22 (a)(c)(d)	1,543,125
1,500	Tronox Finance LLC, 7.50%, 3/15/22 (a)(c)(d)	1,560,000
1,500	Univar USA, Inc., 6.75%, 7/15/23 (a)(c)(d)	1,565,625
		6,253,125
<b>Computers 1.9%</b>		
1,500	Dell International LLC, 7.125%, 6/15/24 (a)(c)(d)	1,620,347
1,500	Western Digital Corp., 10.50%, 4/1/24 (d)	1,745,625
		3,365,972
<b>Diversified Financial Services 4.4%</b>		
2,000	Community Choice Financial, Inc., 10.75%, 5/1/19 (d)	1,905,000
1,500	Nationstar Mortgage LLC, 7.875%, 10/1/20 (d)	1,540,313
2,000	Navient Corp., 7.25%, 9/25/23 (d)	2,135,000
2,000	Springleaf Finance Corp., 8.25%, 10/1/23 (d)	2,210,000
		7,790,313
<b>Electric Utilities 0.9%</b>		
1,500	NRG Energy, Inc., 6.25%, 5/1/24 (d)	1,560,000
<b>Engineering &amp; Construction 0.9%</b>		
1,500	AECOM, 5.875%, 10/15/24 (d)	1,571,250
<b>Entertainment 0.9%</b>		
1,500	Cedar Fair L.P., 5.375%, 6/1/24 (d)	1,546,875
<b>Healthcare-Services 5.3%</b>		
1,500	Community Health Systems, Inc., 6.25%, 3/31/23 (d)	1,372,500
1,500	DaVita, Inc., 5.125%, 7/15/24 (d)	1,492,500
215	Encompass Health Corp., 5.75%, 11/1/24	218,762
1,500	Envision Healthcare Corp., 6.25%, 12/1/24 (a)(c)(d)	1,586,250
1,500	HCA, Inc., 7.50%, 2/15/22 (d)	1,663,125

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

1,500	Kindred Healthcare, Inc., 8.75%, 1/15/23 (d)	1,612,500
1,500	Tenet Healthcare Corp., 8.125%, 4/1/22 (d)	1,584,375
		9,530,012
	<b>Home Builders 1.5%</b>	
1,000	Beazer Homes USA, Inc., 8.75%, 3/15/22 (d)	1,082,500
1,500	Lennar Corp., 5.875%, 11/15/24 (a)(c)	1,601,250
		2,683,750
	<b>Internet &amp; Catalog Retail 0.9%</b>	
1,500	Netflix, Inc., 5.875%, 2/15/25	1,588,665

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **11**

**Table of Contents****Schedule of Investments**

## AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Iron/Steel 1.6%</b>	
\$1,500	AK Steel Corp., 7.50%, 7/15/23 (d)	\$1,608,750
1,193	United States Steel Corp., 8.375%, 7/1/21 (a)(c)(d)	1,279,493
		2,888,243
	<b>Lodging 0.8%</b>	
1,500	Wynn Las Vegas LLC, 5.50%, 3/1/25 (a)(c)(d)	1,524,375
	<b>Machinery-Construction &amp; Mining 1.1%</b>	
2,000	Terex Corp., 5.625%, 2/1/25 (a)(c)(d)	2,022,500
	<b>Media 5.2%</b>	
1,500	CCO Holdings LLC, 5.75%, 1/15/24 (d)	1,530,000
1,500	Clear Channel Worldwide Holdings, Inc., 6.50%, 11/15/22, Ser. B (d)	1,548,750
1,500	CSC Holdings LLC, 6.75%, 11/15/21 (d)	1,581,563
1,500	DISH DBS Corp., 5.875%, 7/15/22 (d)	1,468,125
1,659	McClatchy Co., 9.00%, 12/15/22 (d)	1,737,802
1,500	Nexstar Broadcasting, Inc., 5.625%, 8/1/24 (a)(c)(d)	1,511,250
		9,377,490
	<b>Mining 4.2%</b>	
1,500	Alcoa Nederland Holding BV, 6.75%, 9/30/24 (a)(c)(d)	1,616,250
2,000	Constellium NV, 6.625%, 3/1/25 (a)(c)	2,075,000
2,000	Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(c)(d)	2,185,000
1,500	Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(c)(d)	1,673,775
		7,550,025
	<b>Miscellaneous Manufacturing 0.9%</b>	
1,500	Koppers, Inc., 6.00%, 2/15/25 (a)(c)(d)	1,556,250
	<b>Oil, Gas &amp; Consumable Fuels 4.9%</b>	
1,500	Callon Petroleum Co., 6.125%, 10/1/24	1,537,500
1,500	Calumet Specialty Products Partners L.P., 6.50%, 4/15/21	1,470,000
1,500	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23 (d)	1,511,250
1,500	Continental Resources, Inc., 5.00%, 9/15/22 (d)	1,526,250
825	CVR Refining LLC, 6.50%, 11/1/22	848,719
280	Noble Holding International Ltd., 7.75%, 1/15/24	256,200
1,500	Oasis Petroleum, Inc., 6.875%, 3/15/22 (d)	1,540,312
		8,690,231
	<b>Pharmaceuticals 2.0%</b>	
2,000	Horizon Pharma, Inc., 6.625%, 5/1/23	2,010,000
1,500	Valeant Pharmaceuticals International, Inc., 7.50%, 7/15/21 (a)(c)(d)	1,513,125
		3,523,125

<b>Real Estate 1.9%</b>		
1,500	Kennedy-Wilson, Inc., 5.875%, 4/1/24 (d)	1,505,625
1,950	Uniti Group L.P., 8.25%, 10/15/23 (d)	1,828,125
		3,333,750
<b>Retail 1.1%</b>		
2,000	Conn s, Inc., 7.25%, 7/15/22 (d)	1,990,000
<b>Semiconductors 0.9%</b>		
1,515	Advanced Micro Devices, Inc., 7.00%, 7/1/24	1,592,644
<b>Software 3.5%</b>		
2,000	Camelot Finance S.A., 7.875%, 10/15/24 (a)(c)	2,125,600

12 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

## AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Software (continued)</b>	
\$1,500	First Data Corp., 7.00%, 12/1/23 (a)(c)(d)	\$1,580,625
1,000	Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(c)	1,045,000
1,500	SS&C Technologies Holdings, Inc., 5.875%, 7/15/23 (d)	1,584,375
		6,335,600
	<b>Telecommunications 6.3%</b>	
2,000	CenturyLink, Inc., 7.50%, 4/1/24, Ser. Y (d)	2,015,000
1,500	Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(c)(d)	1,427,250
2,000	Consolidated Communications, Inc., 6.50%, 10/1/22 (d)	1,760,000
2,000	GTT Communications, Inc., 7.875%, 12/31/24 (a)(c)(d)	2,083,750
1,500	Hughes Satellite Systems Corp., 7.625%, 6/15/21 (d)	1,620,000
1,500	Sprint Corp., 7.125%, 6/15/24 (d)	1,480,312
1,620	Windstream Services LLC, 6.375%, 8/1/23 (a)(c)	915,300
		11,301,612
	<b>Transportation 0.9%</b>	
1,500	XPO Logistics, Inc., 6.50%, 6/15/22 (a)(c)(d)	1,564,500
	Total Corporate Bonds & Notes (cost-\$107,312,512)	105,325,932
	<b>Convertible Bonds &amp; Notes 56.9%</b>	
	<b>Auto Components 1.3%</b>	
2,825	Horizon Global Corp., 2.75%, 7/1/22 (d)	2,300,609
	<b>Auto Manufacturers 0.6%</b>	
1,000	Navistar International Corp., 4.75%, 4/15/19 (d)	1,040,174
	<b>Biotechnology 2.6%</b>	
2,500	Exact Sciences Corp., 1.00%, 1/15/25	2,279,687
1,500	Innoviva, Inc., 2.125%, 1/15/23 (d)	1,556,471
1,000	PTC Therapeutics, Inc., 3.00%, 8/15/22 (d)	880,000
		4,716,158
	<b>Commercial Services 2.0%</b>	
2,500	Macquarie Infrastructure Corp., 2.00%, 10/1/23	2,261,640
1,250	Team, Inc., 5.00%, 8/1/23 (a)(c)	1,350,296
		3,611,936
	<b>Computers 1.1%</b>	
2,000	KeyW Holding Corp., 2.50%, 7/15/19 (d)	1,922,236
	<b>Distribution/Wholesale 1.7%</b>	
3,000	Titan Machinery, Inc., 3.75%, 5/1/19 (d)	2,980,062
	<b>Diversified Financial Services 3.1%</b>	
2,550	Encore Capital Group, Inc., 2.875%, 3/15/21 (d)	2,541,786

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

3,000	PRA Group, Inc., 3.00%, 8/1/20 (d)	2,919,849
		5,461,635
	<b>Electrical Equipment 1.5%</b>	
3,215	SunPower Corp., 4.00%, 1/15/23 (d)	2,602,221
	<b>Electronics 0.8%</b>	
1,500	OSI Systems, Inc., 1.25%, 9/1/22 (a)(c)	1,347,188
	<b>Energy-Alternate Sources 3.3%</b>	
500	NextEra Energy Partners L.P., 1.50%, 9/15/20 (a)(c)	490,002
3,000	Pattern Energy Group, Inc., 4.00%, 7/15/20	2,988,498
2,500	SolarCity Corp., 1.625%, 11/1/19 (d)	2,343,420
		5,821,920

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report 13



**Table of Contents****Schedule of Investments**

## AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Equity Real Estate Investment Trusts (REITs) 7.8%</b>	
\$2,850	IAS Operating Partnership L.P., 5.00%, 3/15/18 (a)(c)(d)	\$2,857,125
3,000	PennyMac Corp., 5.375%, 5/1/20 (d)	3,003,753
1,000	Redwood Trust, Inc., 4.75%, 8/15/23	962,200
2,850	Starwood Property Trust, Inc., 4.375%, 4/1/23 (d)	2,878,372
2,750	Two Harbors Investment Corp., 6.25%, 1/15/22 (d)	2,827,146
1,500	Western Asset Mortgage Capital Corp., 6.75%, 10/1/22	1,479,000
		14,007,596
	<b>Healthcare/Healthcare Distributors 1.5%</b>	
3,100	Aceto Corp., 2.00%, 11/1/20 (d)	2,743,199
	<b>Insurance 2.3%</b>	
1,500	AmTrust Financial Services, Inc., 2.75%, 12/15/44 (d)	1,319,654
3,000	HCI Group, Inc., 4.25%, 3/1/37 (a)(c)	2,724,996
		4,044,650
	<b>Internet 2.8%</b>	
3,000	FireEye, Inc., 1.625%, 6/1/35, Ser. B (d)	2,795,424
2,500	Pandora Media, Inc., 1.75%, 12/1/20 (d)	2,266,250
		5,061,674
	<b>Investment Companies 5.1%</b>	
2,900	Goldman Sachs BDC, Inc., 4.50%, 4/1/22	2,948,395
3,000	Prospect Capital Corp., 4.95%, 7/15/22 (d)	3,006,411
3,000	TPG Specialty Lending, Inc., 4.50%, 8/1/22 (a)	3,098,169
		9,052,975
	<b>Oil, Gas &amp; Consumable Fuels 7.2%</b>	
1,500	Ensco Jersey Finance Ltd., 3.00%, 1/31/24	1,241,250
3,000	Green Plains, Inc., 4.125%, 9/1/22	2,991,477
3,000	Helix Energy Solutions Group, Inc., 4.25%, 5/1/22 (d)	2,833,827
3,425	Nabors Industries, Inc., 0.75%, 1/15/24 (a)(c)(d)	2,613,200
3,150	PDC Energy, Inc., 1.125%, 9/15/21 (d)	3,188,253
		12,868,007
	<b>Pharmaceuticals 4.8%</b>	
2,000	Depomed, Inc., 2.50%, 9/1/21	1,655,890
1,750	DexCom, Inc., 0.75%, 5/15/22 (a)(c)	1,636,607
3,250	Horizon Pharma Investment Ltd., 2.50%, 3/15/22 (d)	3,010,312
1,000	Jazz Investments I Ltd., 1.50%, 8/15/24 (a)(c)	953,798
1,500	Pacira Pharmaceuticals, Inc., 2.375%, 4/1/22 (a)(c)	1,381,760
		8,638,367

	<b>Retail 0.5%</b>	
1,000	RH, zero coupon, 7/15/20 (a)(c)	965,676
	<b>Semiconductors 3.7%</b>	
2,000	Inphi Corp., 0.75%, 9/1/21	1,843,240
1,750	Synaptics, Inc., 0.50%, 6/15/22 (a)(c)	1,685,598
3,300	Veeco Instruments, Inc., 2.70%, 1/15/23 (d)	3,059,305
		6,588,143
	<b>Software 1.1%</b>	
2,000	Evolent Health, Inc., 2.00%, 12/1/21	2,057,094

14 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Transportation 2.1%</b>	
\$3,000	Echo Global Logistics, Inc., 2.50%, 5/1/20 (d)	\$3,072,003
750	Teekay Corp., 5.00%, 1/15/23 (a)(c)	719,456
		3,791,459
	Total Convertible Bonds & Notes (cost-\$101,701,569)	101,622,979
	<b>Senior Loans (a)(b) 20.3%</b>	
	<b>Aerospace &amp; Defense 0.5%</b>	
912	Engility Corp., 1 mo. LIBOR + 3.250%, 4.898%, 8/12/23, Term Loan B2	920,895
	<b>Airlines 0.6%</b>	
995	Delta Air Lines, Inc., 1 mo. LIBOR + 2.500%, 4.09%, 10/18/18, 2018 Term Loan B1	1,001,046
	<b>Automobiles 0.5%</b>	
	Winnebago Industries, Inc., 11/8/23, 2017 Term Loan B	
317	1 mo. LIBOR + 3.500%, 5.0793%	321,655
598	3 mo. LIBOR + 3.500%, 5.0226%	607,570
		929,225
	<b>Building Materials 0.6%</b>	
995	GYP Holdings III Corp., 3 mo. LIBOR + 3.000%, 4.772%, 4/1/23, 2017 Term Loan	1,002,296
	<b>Building Products 0.5%</b>	
839	Ply Gem Industries, Inc., 3 mo. LIBOR + 3.000%, 4.693%, 2/1/21, Term Loan B	843,961
	<b>Chemicals 0.8%</b>	
	Kraton Polymers LLC, 1 mo. LIBOR + 3.000%, 4.648%, 1/6/22, 2017 USD Term	
547	Loan B	550,883
	Omnova Solutions Inc., 1 mo. LIBOR + 4.250%, 5.898%, 8/28/23, 2016 Term	
877	Loan B2	884,422
		1,435,305
	<b>Commercial Services &amp; Supplies 0.5%</b>	
	Advanced Disposal Services, Inc., 1 Week LIBOR + 2.250%, 3.721%, 11/10/23,	
995	Term Loan B3	999,978
	<b>Diversified Consumer Services 0.4%</b>	
	Laureate Education, Inc., 1 mo. LIBOR + 3.500%, 5.148%, 4/26/24, 2017 Term Loan	
776	B	781,569
	<b>Electronic Equipment, Instruments &amp; Components 0.5%</b>	
	Zebra Technologies Corp., 3 mo. LIBOR + 2.000%, 3.753%, 10/27/21, 2017 Term	
841	Loan B	846,062
	<b>Electronics 0.5%</b>	
975	Kemet Electronic Corp., 1 mo. LIBOR + 6.000%, 7.648%, 4/26/24, Term Loan B	993,281
	<b>Food &amp; Staples Retailing 0.6%</b>	

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

995	US Foods, Inc., 1 mo. LIBOR + 2.50%, 4.148%, 6/27/23, 2016 Term Loan B	1,003,994
	<b>Healthcare Providers &amp; Services 0.6%</b>	
	Select Medical Corporation, 3/6/24, 2017 Term Loan B	
992	3 mo. LIBOR + 3.500%, 5.21%	998,245
3	2 mo. LIBOR + 3.500%, 5.13%	2,632
	PRIME + 2.500%, 7.00%	329
		1,001,206
	<b>Healthcare-Products 0.5%</b>	
909	Greatbatch Ltd., 1 mo. LIBOR + 3.250%, 4.83%, 10/27/22, 2017 1st Lien Term Loan B	918,492

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **15**

**Table of Contents****Schedule of Investments**

## AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Hotels, Restaurants &amp; Leisure 3.3%</b>	
	1011778 B.C. Unlimited Liability Company, 2/16/24, Term Loan B3	
\$390	3 mo. LIBOR + 2.250%, 3.943%	\$391,403
607	1 mo. LIBOR + 2.250%, 3.898%	608,822
929	Boyd Gaming Corp., 1 Week LIBOR + 2.500%, 3.974%, 9/15/23, Term Loan B	934,872
	Golden Entertainment, Inc., 1 mo. LIBOR + 3.00, 4.59%, 10/20/24, 2017 1st Lien	
1,000	Term Loan	1,007,190
	Playa Resorts Holding B.V., 4/5/24, 2017 Term Loan B	
993	3 mo. LIBOR + 3.25%, 5.00%	1,000,358
2	2 mo. LIBOR + 3.25%, 4.89%	2,517
	Scientific Games International, Inc., 3 mo. LIBOR + 2.75%, 4.324%, 8/14/24,	
998	2017 Term Loan B4	1,003,241
	Travelport Finance (Luxembourg) Sarl, 3 mo. LIBOR + 2.750%, 4.589%, 9/2/21,	
948	New 2017 Term Loan D	951,659
		5,900,062
	<b>Internet 0.6%</b>	
995	Everi Payments, Inc., 1 mo. LIBOR + 3.500%, 5.148%, 5/9/24, Term Loan B	1,004,642
	<b>Internet Software &amp; Services 1.1%</b>	
972	Blucora, Inc., 3 mo. LIBOR + 3.000%, 4.693%, 5/22/24, Term Loan	979,314
	Match Group Inc., 1 mo. LIBOR + 2.500%, 4.088%, 11/16/22, 2017 Term Loan	
1,000	B	1,007,500
		1,986,814
	<b>IT Services 1.1%</b>	
	First Data Corporation, 1 mo. LIBOR + 2.250%, 3.871%, 4/26/24, 2024 USD	
923	Term Loan	925,912
	Xerox Business Services LLC, 1 mo. LIBOR + 3.000%, 4.648%, 12/7/23, USD	
995	Term Loan B	1,005,547
		1,931,459
	<b>Leisure 0.6%</b>	
	Planet Fitness Holdings LLC, 3/31/21, Incremental Term Loan B	
188	3 mo. LIBOR + 3.000%, 4.693%	190,271
807	1 mo. LIBOR + 3.000%, 4.648%	817,128
		1,007,399
	<b>Machinery 1.1%</b>	
	Gardner Denver, Inc., 3 mo. LIBOR + 2.750%, 4.443%, 7/30/24, 2017 USD Term	
998	Loan B	1,002,148
997		1,011,577

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

Harsco Corporation, 1 mo. LIBOR + 3.000%, 4.688%, 12/6/24, 2017 Term Loan  
B1

2,013,725

**Media 1.0%**

995 Gray Television, Inc., 1 mo. LIBOR + 2.250%, 3.83%, 2/7/24, 2017 Term Loan  
B2

1,002,233

722 Lions Gate Entertainment Corp., 1 mo. LIBOR + 2.250%, 3.898%, 12/8/23, 2017  
Term Loan B

727,798

1,730,031

**Pharmaceuticals 1.1%**

962 HLF Financing Sarl, 1 mo. LIBOR + 5.500%, 7.148%, 2/15/23, Term Loan B

969,300

948 Lannett Company, Inc., 1 mo. LIBOR + 5.375%, 7.023%, 11/25/22, Term Loan B

947,521

1,916,821

16 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Retail 0.6%</b>	
	CWGS Group LLC, 11/8/23, 2016 Term Loan	
\$5	1 mo. LIBOR + 3.000%, 4.65%	\$5,604
992	1 mo. LIBOR + 3.000%, 4.58%	1,002,371
		1,007,975
	<b>Road &amp; Rail 0.5%</b>	
	YRC Worldwide, Inc., 7/24/22, 2017 Term Loan	
932	3 mo. LIBOR + 8.500%, 10.271%	941,309
7	1 mo. LIBOR + 8.500%, 10.148%	7,167
		948,476
	<b>Semiconductors &amp; Semiconductor Equipment 0.5%</b>	
	Cypress Semiconductor Corp., 1 mo. LIBOR + 2.750%, 4.35%, 7/5/21, 2016 Term Loan B	
974		980,378
	<b>Specialty Retail 1.1%</b>	
	Burlington Coat Factory Warehouse Corporation, 3 mo. LIBOR + 2.500%, 4.09%, 11/17/24, 2017 Term Loan B5	
998		1,001,864
	National Vision, Inc., 1 mo. LIBOR + 2.75%, 4.398%, 11/20/24, 2017 Repriced Term Loan	
998		1,003,580
		2,005,444
	<b>Textiles, Apparel &amp; Luxury Goods 0.6%</b>	
	G-III Apparel Group, Ltd., 12/1/22, Term Loan B	
753	3 mo. LIBOR + 5.25%, 7.063%	762,260
188	1 mo. LIBOR + 5.25%, 6.875%	190,565
188	3 mo. PRIME + 4.25%, 8.75%	190,565
		1,143,390
	<b>Total Senior Loans (cost-\$36,168,464)</b>	<b>36,253,926</b>
	<b>Repurchase Agreements 1.8%</b>	
	State Street Bank and Trust Co., dated 2/28/18, 0.20%, due 3/1/18, proceeds \$3,233,018; collateralized by U.S. Treasury Notes, 1.25%, due 7/31/23, valued at \$3,300,455 including accrued interest (cost-\$3,233,000)	
3,233		3,233,000
	<b>Total Investments (cost-\$248,415,545) 137.9%</b>	<b>246,435,837</b>
	<b>Liabilities in excess of other assets (37.9)%</b>	<b>(67,675,565)</b>
	<b>Net Assets 100.0%</b>	<b>\$178,760,272</b>

**Notes to Schedule of Investments:**

Less than \$500.

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$98,335,937, representing 55.0% of net assets.
  
- (b) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty. The interest rate disclosed reflects the rate in effect on February 28, 2018.
  
- (c) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Securities with an aggregate value of \$58,983,842, representing 33.0% of net assets.

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **17**



**Table of Contents**

**Schedule of Investments**

AllianzGI Convertible & Income 2024 Target Term Fund

February 28, 2018 (continued)

(d) All or partial amount segregated for the benefit of the counterparty as collateral for long-term and short-term loan financing.

(e) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 2/28/18
<b>Investments in Securities</b>				
<b>Assets</b>				
Corporate Bonds & Notes		\$105,325,932		\$105,325,932
Convertible Bonds & Notes		101,622,979		101,622,979
Senior Loans		36,253,926		36,253,926
Repurchase Agreements		3,233,000		3,233,000
<b>Totals</b>		\$246,435,837		\$246,435,837

**Glossary:**

LIBOR - London Inter-Bank Offered Rate

REIT - Real Estate Investment Trust

18 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018

Principal Amount (000s)		Value
<b>Corporate Bonds &amp; Notes 40.3%</b>		
<b>Aerospace &amp; Defense 1.0%</b>		
\$7,540	TransDigm, Inc., 6.50%, 5/15/25	\$7,747,350
1,420	Triumph Group, Inc., 7.75%, 8/15/25	1,471,475
		9,218,825
<b>Auto Manufacturers 0.5%</b>		
4,660	Navistar International Corp., 6.625%, 11/1/25 (a)(b)	4,811,450
<b>Building Materials 0.7%</b>		
5,665	U.S. Concrete, Inc., 6.375%, 6/1/24	6,047,388
<b>Chemicals 2.8%</b>		
7,500	Chemours Co., 6.625%, 5/15/23	7,921,875
4,790	Kraton Polymers LLC, 7.00%, 4/15/25 (a)(b)	4,969,625
5,670	Platform Specialty Products Corp., 6.50%, 2/1/22 (a)(b)	5,833,013
6,720	Tronox Finance LLC, 7.50%, 3/15/22 (a)(b)	6,988,800
		25,713,313
<b>Commercial Services 1.2%</b>		
8,050	Cenveo Corp., 6.00%, 5/15/24 (a)(b)(c)(h) (acquisition cost-\$11,247,777; purchased 3/22/12)	644,000
7,375	Monitronics International, Inc., 9.125%, 4/1/20	6,453,125
3,500	United Rentals North America, Inc., 5.50%, 7/15/25	3,618,125
		10,715,250
<b>Computers 1.9%</b>		
5,242	DynCorp International, Inc., PIK 1.50%, 11.875%, 11/30/20	5,503,831
7,350	Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b)	7,625,625
3,935	Western Digital Corp., 10.50%, 4/1/24	4,579,356
		17,708,812
<b>Distribution/Wholesale 0.6%</b>		
5,380	H&E Equipment Services, Inc., 5.625%, 9/1/25 (a)(b)	5,514,500
<b>Diversified Financial Services 3.7%</b>		
10,085	Community Choice Financial, Inc., 10.75%, 5/1/19	9,605,962
7,130	12.75%, 5/1/20 (a)(b)	6,096,150
2,500	Nationstar Mortgage LLC, 7.875%, 10/1/20	2,567,187
5,300	9.625%, 5/1/19	5,427,200
1,575	Navient Corp., 7.25%, 9/25/23	1,681,313

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

3,210	8.45%, 6/15/18	3,258,150
4,935	Springleaf Finance Corp., 8.25%, 10/1/23	5,453,175
		34,089,137
	<b>Electric Utilities 0.6%</b>	
5,585	NRG Energy, Inc., 6.25%, 5/1/24	5,808,400
	<b>Engineering &amp; Construction 0.6%</b>	
5,100	Tutor Perini Corp., 6.875%, 5/1/25 (a)(b)	5,367,750
	<b>Entertainment 1.0%</b>	
4,990	AMC Entertainment Holdings, Inc., 6.125%, 5/15/27	4,865,250
4,000	Cedar Fair L.P., 5.375%, 6/1/24	4,125,000
		8,990,250

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **19**

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Healthcare-Services 3.1%</b>	
\$2,835	Community Health Systems, Inc., 6.25%, 3/31/23	\$2,594,025
5,430	DaVita, Inc., 5.125%, 7/15/24	5,402,850
3,860	Envision Healthcare Corp., 6.25%, 12/1/24 (a)(b)	4,081,950
3,800	HCA, Inc., 7.50%, 2/15/22	4,213,250
7,955	Kindred Healthcare, Inc., 8.75%, 1/15/23	8,551,625
3,500	Tenet Healthcare Corp., 7.00%, 8/1/25 (a)(b)	3,504,375
		28,348,075
	<b>Home Builders 0.5%</b>	
4,395	Beazer Homes USA, Inc., 8.75%, 3/15/22	4,757,588
	<b>Internet &amp; Catalog Retail 0.3%</b>	
2,800	Netflix, Inc., 5.875%, 2/15/25	2,965,508
	<b>Iron/Steel 0.9%</b>	
	AK Steel Corp.,	
2,025	7.00%, 3/15/27	2,069,297
1,315	7.50%, 7/15/23	1,410,337
4,750	United States Steel Corp., 8.375%, 7/1/21 (a)(b)	5,094,375
		8,574,009
	<b>Machinery-Construction &amp; Mining 0.5%</b>	
4,695	Terex Corp., 5.625%, 2/1/25 (a)(b)	4,747,819
	<b>Media 2.0%</b>	
7,370	Cablevision Systems Corp., 8.00%, 4/15/20	7,850,524
3,740	Gray Television, Inc., 5.875%, 7/15/26 (a)(b)	3,716,625
4,671	LiveStyle, Inc., 9.625%, 2/1/19 (a)(b)(c)(h)(j)	
	(acquisition cost-\$4,879,905; purchased 5/7/14-2/26/15)	93
6,930	McClatchy Co., 9.00%, 12/15/22	7,259,175
		18,826,417
	<b>Metal Fabricate/Hardware 0.4%</b>	
3,830	Park-Ohio Industries, Inc., 6.625%, 4/15/27	4,021,500
	<b>Mining 1.9%</b>	
5,100	Alcoa Nederland Holding BV, 7.00%, 9/30/26 (a)(b)	5,533,500
4,405	Constellium NV, 6.625%, 3/1/25 (a)(b)	4,570,187
2,775	Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(b)	3,031,688
3,950	Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(b)	4,407,608
		17,542,983
	<b>Oil, Gas &amp; Consumable Fuels 4.8%</b>	
2,700	Calumet Specialty Products Partners L.P., 6.50%, 4/15/21	2,646,000

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

1,900	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23	1,914,250
16,950	Cobalt International Energy, Inc., 10.75%, 12/1/21 (c)	18,390,750
590	Ensco PLC, 5.20%, 3/15/25	492,650
7,225	EP Energy LLC, 9.375%, 5/1/20	6,755,375
2,835	NGL Energy Partners L.P., 7.50%, 11/1/23	2,856,263
975	Noble Holding International Ltd., 7.75%, 1/15/24	892,125
4,895	Oasis Petroleum, Inc., 6.875%, 3/15/22	5,026,553
4,530	Sanchez Energy Corp., 6.125%, 1/15/23	3,420,150
1,670	Transocean, Inc., 7.50%, 1/15/26 (a)(b)	1,686,700
820	Weatherford International Ltd., 8.25%, 6/15/23	797,450
		44,878,266

20 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Pharmaceuticals 1.3%</b>	
\$2,290	Endo Finance LLC, 5.375%, 1/15/23 (a)(b)	\$1,711,775
5,865	Horizon Pharma, Inc., 6.625%, 5/1/23	5,894,325
4,000	Valeant Pharmaceuticals International, Inc., 7.50%, 7/15/21 (a)(b)	4,035,000
		11,641,100
	<b>Pipelines 0.4%</b>	
3,550	Energy Transfer Equity L.P., 5.50%, 6/1/27	3,683,125
	<b>Real Estate 0.9%</b>	
3,085	Kennedy-Wilson, Inc., 5.875%, 4/1/24	3,096,569
5,365	Uniti Group L.P., 8.25%, 10/15/23	5,029,687
		8,126,256
	<b>Retail 2.0%</b>	
3,500	Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b)	2,397,500
5,980	Conn's, Inc., 7.25%, 7/15/22	5,950,100
2,835	Dollar Tree, Inc., 5.75%, 3/1/23	2,953,716
1,530	L Brands, Inc., 6.875%, 11/1/35	1,535,278
9,465	Neiman Marcus Group Ltd. LLC, 8.00%, 10/15/21 (a)(b)	5,773,650
		18,610,244
	<b>Semiconductors 1.1%</b>	
5,355	Advanced Micro Devices, Inc., 7.00%, 7/1/24	5,629,444
4,645	Amkor Technology, Inc., 6.375%, 10/1/22	4,795,962
		10,425,406
	<b>Software 0.7%</b>	
5,035	Camelot Finance S.A., 7.875%, 10/15/24 (a)(b)	5,351,198
1,480	Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(b)	1,546,600
		6,897,798
	<b>Telecommunications 4.4%</b>	
4,080	Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(b)	3,882,120
9,370	Consolidated Communications, Inc., 6.50%, 10/1/22	8,245,600
5,290	Frontier Communications Corp., 10.50%, 9/15/22	4,529,562
2,685	GTT Communications, Inc., 7.875%, 12/31/24 (a)(b)	2,797,434
	Hughes Satellite Systems Corp.,	
1,460	6.625%, 8/1/26	1,496,938
4,250	7.625%, 6/15/21	4,590,000
7,205	Sprint Communications, Inc., 11.50%, 11/15/21	8,537,925
1,865	Sprint Corp., 7.625%, 3/1/26	1,860,338
8,229	Windstream Services LLC, 6.375%, 8/1/23 (a)(b)	4,649,385

		40,589,302
	<b>Transportation 0.5%</b>	
4,830	XPO Logistics, Inc., 6.50%, 6/15/22 (a)(b)	5,037,690
	<b>Total Corporate Bonds &amp; Notes (cost-\$392,648,337)</b>	<b>373,658,161</b>
	<b>Convertible Bonds &amp; Notes 34.9%</b>	
	<b>Apparel &amp; Textiles 1.8%</b>	
14,580	Iconix Brand Group, Inc., 5.75%, 8/15/23	16,661,295
	<b>Auto Components 1.0%</b>	
11,855	Horizon Global Corp., 2.75%, 7/1/22	9,654,416

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **21**

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Auto Manufacturers 1.0%</b>	
\$6,225	Navistar International Corp., 4.75%, 4/15/19	\$6,475,083
2,850	Tesla, Inc., 1.25%, 3/1/21	3,249,108
		9,724,191
	<b>Biotechnology 0.8%</b>	
9,625	Intercept Pharmaceuticals, Inc., 3.25%, 7/1/23	7,718,509
	<b>Building Materials 0.5%</b>	
4,275	Cemex S.A.B de C.V., 3.72%, 3/15/20	4,418,965
	<b>Commercial Services 2.6%</b>	
13,510	Ascent Capital Group, Inc., 4.00%, 7/15/20	10,486,462
10,530	Huron Consulting Group, Inc., 1.25%, 10/1/19	9,858,712
3,705	ServiceSource International, Inc., 1.50%, 8/1/18	3,641,645
		23,986,819
	<b>Distribution/Wholesale 0.7%</b>	
6,600	Titan Machinery, Inc., 3.75%, 5/1/19	6,556,136
	<b>Diversified Financial Services 2.4%</b>	
9,320	Encore Capital Group, Inc., 3.00%, 7/1/20	10,447,720
12,165	PRA Group, Inc., 3.00%, 8/1/20	11,839,988
		22,287,708
	<b>Electric Utilities 1.0%</b>	
9,230	NRG Yield, Inc., 3.25%, 6/1/20 (a)(b)	9,203,011
	<b>Electrical Equipment 1.1%</b>	
	SunPower Corp.,	
3,135	0.875%, 6/1/21	2,410,188
9,405	4.00%, 1/15/23	7,612,407
		10,022,595
	<b>Electronics 0.6%</b>	
5,895	OSI Systems, Inc., 1.25%, 9/1/22 (a)(b)	5,294,447
	<b>Energy-Alternate Sources 2.1%</b>	
3,990	Pattern Energy Group, Inc., 4.00%, 7/15/20	3,974,702
16,800	SolarCity Corp., 1.625%, 11/1/19	15,747,783
		19,722,485
	<b>Engineering &amp; Construction 0.4%</b>	
3,230	Layne Christensen Co., 4.25%, 11/15/18	3,266,212
	<b>Equity Real Estate Investment Trusts (REITs) 1.4%</b>	
5,400	Two Harbors Investment Corp., 6.25%, 1/15/22	5,551,486
7,690	Western Asset Mortgage Capital Corp., 6.75%, 10/1/22	7,582,340



		13,133,826
	<b>Healthcare/Healthcare Distributors 1.1%</b>	
11,415	Aceto Corp., 2.00%, 11/1/20	10,101,168
	<b>Insurance 1.2%</b>	
12,210	AmTrust Financial Services, Inc., 2.75%, 12/15/44	10,741,980
	<b>Iron/Steel 0.1%</b>	
910	AK Steel Corp., 5.00%, 11/15/19	1,142,393
	<b>Oil, Gas &amp; Consumable Fuels 3.0%</b>	
18,235	Helix Energy Solutions Group, Inc., 3.25%, 3/15/32	18,270,522
9,980	Whiting Petroleum Corp., 1.25%, 4/1/20	9,443,565
		27,714,087

22 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Pharmaceuticals 3.5%</b>	
\$16,145	Herbalife Ltd., 2.00%, 8/15/19	\$18,814,527
3,260	Horizon Pharma Investment Ltd., 2.50%, 3/15/22	3,019,575
7,800	Impax Laboratories, Inc., 2.00%, 6/15/22	7,678,773
3,415	Jazz Investments I Ltd., 1.50%, 8/15/24 (a)(b)	3,257,220
	32,770,095	
	<b>Pipelines 1.1%</b>	
13,370	Cheniere Energy, Inc., 4.25%, 3/15/45	10,362,378
	<b>Retail 1.1%</b>	
10,425	RH, zero coupon, 6/15/19 (a)(b)	10,303,924
	<b>Semiconductors 0.9%</b>	
	Cypress Semiconductor Corp.,	
845	2.00%, 2/1/23 (a)(b)	928,920
2,850	4.50%, 1/15/22	4,100,335
3,935	Veeco Instruments, Inc., 2.70%, 1/15/23	3,647,989
	8,677,244	
	<b>Software 1.9%</b>	
15,785	Avid Technology, Inc., 2.00%, 6/15/20	13,595,620
3,985	Synchronoss Technologies, Inc., 0.75%, 8/15/19	3,681,419
	17,277,039	
	<b>Telecommunications 1.0%</b>	
11,065	Gogo, Inc., 3.75%, 3/1/20	9,728,636
	<b>Tobacco 1.6%</b>	
	Vector Group Ltd. (g),	
5,665	3 mo. Cash Dividends on Common Stock + 1.75%, 1.75%, 4/15/20	6,200,665
6,215	3 mo. Cash Dividends on Common Stock + 2.50%, 2.50%, 1/15/19	8,720,801
	14,921,466	
	<b>Transportation 1.0%</b>	
3,990	Aegean Marine Petroleum Network, Inc., 4.25%, 12/15/21	2,432,304
4,560	Echo Global Logistics, Inc., 2.50%, 5/1/20	4,669,444
1,995	Teekay Corp., 5.00%, 1/15/23 (a)(b)	1,913,754
	9,015,502	
	<b>Total Convertible Bonds &amp; Notes (cost-\$303,958,191)</b>	<b>324,406,527</b>
	<b>Shares</b>	
	<b>Convertible Preferred Stock 21.6%</b>	
	<b>Banks 4.0%</b>	

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

12,080	Bank of America Corp., 7.25%, Ser. L (e)	15,456,723
16,980	Wells Fargo & Co., 7.50%, Ser. L (e)	21,649,500
		37,106,223
	<b>Chemicals 1.0%</b>	
68,495	Rayonier Advanced Materials, Inc., 8.00%, 8/15/19, Ser. A	9,785,538
	<b>Commercial Services &amp; Supplies 0.7%</b>	
145,890	Stericycle, Inc., 5.25%, 9/15/18	7,087,336
	<b>Diversified Financial Services 0.5%</b>	
5,700	Cowen, Inc., 5.625%, Ser. A (e)	4,728,777
	<b>Diversified Telecommunication Services 0.2%</b>	
155,900	Frontier Communications Corp., 11.125%, 6/29/18, Ser. A	1,975,253

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report 23

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

Shares		Value
	<b>Electric Utilities 2.0%</b>	
302,350	Dominion Energy, Inc., 6.75%, 8/15/19, Ser. A	\$14,745,609
66,215	NextEra Energy, Inc., 6.123%, 9/1/19	3,661,690
		18,407,299
	<b>Equity Real Estate Investment Trusts (REITs) 4.2%</b>	
4,625	Crown Castle International Corp., 6.875%, 8/1/20, Ser. A	5,176,346
631,070	RLJ Lodging Trust, 1.95%, Ser. A (e)	16,401,509
410,065	Sutherland Asset Management Corp., 7.00%, 8/15/23	10,251,625
141,135	Welltower, Inc., 6.50%, Ser. I (e)	7,691,858
		39,521,338
	<b>Hand/Machine Tools 1.8%</b>	
139,055	Stanley Black & Decker, Inc., 5.375%, 5/15/20	16,387,632
	<b>Healthcare Providers &amp; Services 2.5%</b>	
401,015	Anthem, Inc., 5.25%, 5/1/18	23,010,241
	<b>Healthcare-Products 1.3%</b>	
199,155	Becton Dickinson and Co., 6.125%, 5/1/20, Ser. A	11,731,464
	<b>Oil, Gas &amp; Consumable Fuels 2.2%</b>	
159,375	Anadarko Petroleum Corp., 7.50%, 6/7/18	5,179,688
173,410	Kinder Morgan, Inc., 9.75%, 10/26/18, Ser. A	5,778,021
230,425	Sanchez Energy Corp., 6.50%, Ser. B (e)	4,114,999
82,895	WPX Energy, Inc., 6.25%, 7/31/18, Ser. A	5,100,529
		20,173,237
	<b>Pharmaceuticals 1.2%</b>	
30,895	Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18	10,910,569
	Total Convertible Preferred Stock (cost-\$214,689,387)	200,824,907
	<b>Preferred Stock (a)(d)(f)(i)(j) 0.9%</b>	
	<b>Media 0.9%</b>	
8,339	LiveStyle, Inc., Ser. A	833,900
76,572	LiveStyle, Inc., Ser. B	7,657,200
6,750	LiveStyle, Inc., Ser. B	67
	Total Preferred Stock (cost-\$15,074,564)	8,491,167
	<b>Common Stock (a)(d)(f)(i) 0.3%</b>	
	<b>Advertising 0.3%</b>	
173,720	Affinion Group Holdings, Inc., Class A (h) (acquisition cost-\$3,080,312; purchased 11/9/15-11/12/15)	2,630,121
	<b>Aerospace &amp; Defense 0.0%</b>	
8,295	Erickson, Inc.	260,380
	<b>Media 0.0%</b>	
90,407	LiveStyle, Inc. (j)	9

Total Common Stock (cost-\$10,187,309)		2,890,510
Units		
<b>Warrants (d)(f)(i)</b>	<b>0.0%</b>	
	<b>Commercial Services</b>	<b>0.0%</b>
2,062,338	Cenveo, Inc., strike price \$12.00, expires 6/10/24 (b)	361
	<b>Media</b>	<b>0.0%</b>
19,500	LiveStyle, Inc., expires 11/30/21, Ser. C. (a)(j)	2
Total Warrants (cost-\$246,984)		363

24 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Repurchase Agreements 2.0%</b>	
\$18,273	State Street Bank and Trust Co., dated 2/28/18, 0.20%, due 3/1/18, proceeds \$18,273,102; collateralized by U.S. Treasury Notes, 1.25%, due 7/31/23, valued at \$18,639,225 including accrued interest (cost-\$18,273,000)	\$18,273,000
	<b>Total Investments (cost-\$955,077,772) 100.0%</b>	<b>928,544,635</b>
	Other assets in excess of liabilities	9,322,203
	Preferred Shares	(357,000,000)
	<b>Net Assets Applicable to Common Shareholders</b>	<b>\$580,866,838</b>

**Notes to Schedule of Investments:**

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$167,691,140, representing 18.1% of total investments.
- (b) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Securities with an aggregate value of \$156,309,822, representing 16.8% of total investments.
- (c) In default.
- (d) Fair-Valued Securities with an aggregate value of \$11,382,040, representing 1.2% of total investments. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (e) Perpetual maturity. The date shown, if any, is the next call date.
- (f) Level 3 security. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (g) In addition to the coupon rate shown, the issuer is expected to pay additional interest based on the actual dividends paid on its common stock.

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

(h) Restricted. The aggregate acquisition cost of such securities is \$19,207,994. The aggregate value is \$3,274,214, representing 0.4% of total investments.

(i) Non-income producing.

(j) A member of the Fund's portfolio management team is a member of the board of directors of LiveStyle, Inc. The Fund's aggregate value of investments in LiveStyle, Inc. represents 0.9% of total investments.

(k) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 2/28/18
<b>Investments in Securities</b>				
<b>Assets</b>				
Corporate Bonds & Notes		\$373,658,161		\$373,658,161
Convertible Bonds & Notes		324,406,527		324,406,527
Convertible Preferred Stock:				
Chemicals		9,785,538		9,785,538
Diversified Financial Services		4,728,777		4,728,777
Healthcare-Products		11,731,464		11,731,464
Oil, Gas & Consumable Fuels	\$16,058,238	4,114,999		20,173,237
Pharmaceuticals		10,910,569		10,910,569
All Other	143,495,322			143,495,322
Preferred Stock			\$ 8,491,167	8,491,167
Common Stock			2,890,510	2,890,510
Warrants			363	363
Repurchase Agreements		18,273,000		18,273,000
<b>Totals</b>	<b>\$ 159,553,560</b>	<b>\$757,609,035</b>	<b>\$ 11,382,040</b>	<b>\$928,544,635</b>

At February 28, 2018, there were no transfers between Levels 1 and 2.

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report 25

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund

February 28, 2018 (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for year ended February 28, 2018, was as follows:

	Beginning Balance 2/28/17	Purchases	Sales	Accrued Discount (Premiums)	Net Realized Gain (Loss)
<b>Investments in Securities Assets</b>					
Corporate Bonds & Notes:					
Commercial Services	\$7,224,875	\$	\$	\$(109,870)	\$
Preferred Stock:					
Media	7,759,048				
Common Stock:					
Advertising	2,581,479				
Aerospace & Defense		7,106,998			
Media	9				
Warrants:					
Commercial Services	449,705				
Media	2				
<b>Totals</b>	<b>\$18,015,118</b>	<b>\$7,106,998</b>	<b>\$</b>	<b>\$(109,870)</b>	<b>\$</b>

	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3*	Ending Balance 2/28/18
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Commercial Services	\$(6,471,005)	\$	\$(644,000)	\$
Preferred Stock:				
Media	732,119			8,491,167
Common Stock:				
Advertising	48,642			2,630,121
Aerospace & Defense	(6,846,618)			260,380
Media				9
Warrants:				
Commercial Services	(449,344)			361
Media				2
<b>Totals</b>	<b>\$(12,986,206)</b>	<b>\$</b>	<b>\$(644,000)</b>	<b>\$11,382,040</b>



Issued via reorganization.

\* Transferred out of Level 3 into Level 2 because an evaluated price from a third-party independent pricing vendor was used on February 28, 2018.

The following tables present additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at February 28, 2018:

	Ending Balance at 2/28/18	Valuation Technique Used	Unobservable Inputs	Input Values
<b>Investments in Securities</b>				
<b>Assets</b>				
Preferred Stock	\$8,491,100	Market and Company Comparables	EV Multiples Illiquidity Discount	0.69x (0.24x 1.10x) 20%
Common Stock	\$2,630,121	Market and Company Comparables	EV Multiples Illiquidity Discount	4.00x (1.72x 10.26x) 30%
	\$260,380	Market and Company Comparables	EV Multiples M&A Transaction Multiples Illiquidity Discount	0.71x (0.48x 1.10x)  0.87x (0.32x 2.12x)
				40%

26 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents**

**Schedule of Investments**

AllianzGI Convertible & Income Fund

February 28, 2018 (continued)

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2018, was \$(6,515,201). Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

**Glossary:**

PIK - Payment-in-Kind

REIT - Real Estate Investment Trust

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **27**

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018

Principal Amount (000s)		Value
<b>Corporate Bonds &amp; Notes 40.6%</b>		
<b>Aerospace &amp; Defense 1.0%</b>		
\$5,750	TransDigm, Inc., 6.50%, 5/15/25	\$5,908,125
1,080	Triumph Group, Inc., 7.75%, 8/15/25	1,119,150
		7,027,275
<b>Auto Manufacturers 0.5%</b>		
3,560	Navistar International Corp., 6.625%, 11/1/25 (a)(b)	3,675,700
<b>Building Materials 0.7%</b>		
4,335	U.S. Concrete, Inc., 6.375%, 6/1/24	4,627,613
<b>Chemicals 2.7%</b>		
5,500	Chemours Co., 6.625%, 5/15/23	5,809,375
3,640	Kraton Polymers LLC, 7.00%, 4/15/25 (a)(b)	3,776,500
4,330	Platform Specialty Products Corp., 6.50%, 2/1/22 (a)(b)	4,454,487
5,120	Tronox Finance LLC, 7.50%, 3/15/22 (a)(b)	5,324,800
		19,365,162
<b>Commercial Services 1.2%</b>		
5,974	Cenveo Corp., 6.00%, 5/15/24 (a)(b)(c)(h) (acquisition cost-\$8,347,108; purchased 3/22/12)	477,920
5,925	Monitronics International, Inc., 9.125%, 4/1/20	5,184,375
2,500	United Rentals North America, Inc., 5.50%, 7/15/25	2,584,375
		8,246,670
<b>Computers 1.9%</b>		
3,946	DynCorp International, Inc., PIK 1.50%, 11.875%, 11/30/20	4,143,550
5,650	Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b)	5,861,875
3,155	Western Digital Corp., 10.50%, 4/1/24	3,671,631
		13,677,056
<b>Distribution/Wholesale 0.6%</b>		
4,110	H&E Equipment Services, Inc., 5.625%, 9/1/25 (a)(b)	4,212,750
<b>Diversified Financial Services 3.7%</b>		
Community Choice Financial, Inc.,		
7,465	10.75%, 5/1/19	7,110,412
5,370	12.75%, 5/1/20 (a)(b)	4,591,350
Nationstar Mortgage LLC,		
2,000	7.875%, 10/1/20	2,053,750
4,250	9.625%, 5/1/19	4,352,000
Navient Corp.,		
1,200	7.25%, 9/25/23	1,281,000

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

2,605	8.45%, 6/15/18	2,644,075
3,865	Springleaf Finance Corp., 8.25%, 10/1/23	4,270,825
		26,303,412
	<b>Electric Utilities 0.6%</b>	
4,265	NRG Energy, Inc., 6.25%, 5/1/24	4,435,600
	<b>Engineering &amp; Construction 0.6%</b>	
3,900	Tutor Perini Corp., 6.875%, 5/1/25 (a)(b)	4,104,750
	<b>Entertainment 1.0%</b>	
3,810	AMC Entertainment Holdings, Inc., 6.125%, 5/15/27	3,714,750
3,045	Cedar Fair L.P., 5.375%, 6/1/24	3,140,156
		6,854,906

28 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Healthcare-Services 3.1%</b>	
\$2,165	Community Health Systems, Inc., 6.25%, 3/31/23	\$1,980,975
4,125	DaVita, Inc., 5.125%, 7/15/24	4,104,375
2,950	Envision Healthcare Corp., 6.25%, 12/1/24 (a)(b)	3,119,625
2,950	HCA, Inc., 7.50%, 2/15/22	3,270,812
6,045	Kindred Healthcare, Inc., 8.75%, 1/15/23	6,498,375
2,750	Tenet Healthcare Corp., 7.00%, 8/1/25 (a)(b)	2,753,438
		21,727,600
	<b>Home Builders 0.5%</b>	
3,365	Beazer Homes USA, Inc., 8.75%, 3/15/22	3,642,613
	<b>Internet &amp; Catalog Retail 0.3%</b>	
2,200	Netflix, Inc., 5.875%, 2/15/25	2,330,042
	<b>Iron/Steel 0.9%</b>	
	AK Steel Corp.,	
1,550	7.00%, 3/15/27	1,583,906
1,005	7.50%, 7/15/23	1,077,863
3,597	United States Steel Corp., 8.375%, 7/1/21 (a)(b)	3,857,782
		6,519,551
	<b>Machinery-Construction &amp; Mining 0.5%</b>	
3,585	Terex Corp., 5.625%, 2/1/25 (a)(b)	3,625,331
	<b>Media 2.1%</b>	
5,630	Cablevision Systems Corp., 8.00%, 4/15/20	5,997,076
2,850	Gray Television, Inc., 5.875%, 7/15/26 (a)(b)	2,832,187
3,589	LiveStyle, Inc., 9.625%, 2/1/19 (a)(b)(c)(h)(j)	
	(acquisition cost-\$3,749,795; purchased 5/7/14-2/26/15)	72
5,512	McClatchy Co., 9.00%, 12/15/22	5,773,820
		14,603,155
	<b>Metal Fabricate/Hardware 0.4%</b>	
2,920	Park-Ohio Industries, Inc., 6.625%, 4/15/27	3,066,000
	<b>Mining 1.9%</b>	
3,900	Alcoa Nederland Holding BV, 7.00%, 9/30/26 (a)(b)	4,231,500
3,365	Constellium NV, 6.625%, 3/1/25 (a)(b)	3,491,187
2,135	Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(b)	2,332,488
3,050	Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(b)	3,403,343
		13,458,518
	<b>Oil, Gas &amp; Consumable Fuels 5.0%</b>	
2,300	Calumet Specialty Products Partners L.P., 6.50%, 4/15/21	2,254,000

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

1,420	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23	1,430,650
12,800	Cobalt International Energy, Inc., 10.75%, 12/1/21 (c)	13,888,000
450	EnSCO PLC, 5.20%, 3/15/25	375,750
6,180	EP Energy LLC, 9.375%, 5/1/20	5,778,300
2,165	NGL Energy Partners L.P., 7.50%, 11/1/23	2,181,237
740	Noble Holding International Ltd., 7.75%, 1/15/24	677,100
3,745	Oasis Petroleum, Inc., 6.875%, 3/15/22	3,845,647
3,470	Sanchez Energy Corp., 6.125%, 1/15/23	2,619,850
1,280	Transocean, Inc., 7.50%, 1/15/26 (a)(b)	1,292,800
630	Weatherford International Ltd., 8.25%, 6/15/23	612,675
		34,956,009

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report 29

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Pharmaceuticals 1.3%</b>	
\$1,755	Endo Finance LLC, 5.375%, 1/15/23 (a)(b)	\$1,311,863
4,425	Horizon Pharma, Inc., 6.625%, 5/1/23	4,447,125
3,000	Valeant Pharmaceuticals International, Inc., 7.50%, 7/15/21 (a)(b)	3,026,250
		8,785,238
	<b>Pipelines 0.4%</b>	
2,715	Energy Transfer Equity L.P., 5.50%, 6/1/27	2,816,813
	<b>Real Estate 0.9%</b>	
2,345	Kennedy-Wilson, Inc., 5.875%, 4/1/24	2,353,794
4,090	Uniti Group L.P., 8.25%, 10/15/23	3,834,375
		6,188,169
	<b>Retail 2.0%</b>	
4,500	Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b)	3,082,500
4,370	Conn's, Inc., 7.25%, 7/15/22	4,348,150
2,165	Dollar Tree, Inc., 5.75%, 3/1/23	2,255,659
1,170	L Brands, Inc., 6.875%, 11/1/35	1,174,037
5,785	Neiman Marcus Group Ltd. LLC, 8.00%, 10/15/21 (a)(b)	3,528,850
		14,389,196
	<b>Semiconductors 1.0%</b>	
4,090	Advanced Micro Devices, Inc., 7.00%, 7/1/24	4,299,612
2,875	Amkor Technology, Inc., 6.375%, 10/1/22	2,968,438
		7,268,050
	<b>Software 0.8%</b>	
3,850	Camelot Finance S.A., 7.875%, 10/15/24 (a)(b)	4,091,780
1,135	Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(b)	1,186,075
		5,277,855
	<b>Telecommunications 4.4%</b>	
3,125	Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(b)	2,973,437
7,130	Consolidated Communications, Inc., 6.50%, 10/1/22	6,274,400
4,045	Frontier Communications Corp., 10.50%, 9/15/22	3,463,531
2,050	GTT Communications, Inc., 7.875%, 12/31/24 (a)(b)	2,135,844
	Hughes Satellite Systems Corp.,	
1,130	6.625%, 8/1/26	1,158,589
3,500	7.625%, 6/15/21	3,780,000
5,545	Sprint Communications, Inc., 11.50%, 11/15/21	6,570,825
1,425	Sprint Corp., 7.625%, 3/1/26	1,421,438
6,283	Windstream Services LLC, 6.375%, 8/1/23 (a)(b)	3,549,895

		31,327,959
	<b>Transportation 0.6%</b>	
3,920	XPO Logistics, Inc., 6.50%, 6/15/22 (a)(b)	4,088,560
	<b>Total Corporate Bonds &amp; Notes (cost-\$300,741,968)</b>	<b>286,601,553</b>
	<b>Convertible Bonds &amp; Notes 34.6%</b>	
	<b>Apparel &amp; Textiles 1.8%</b>	
11,020	Iconix Brand Group, Inc., 5.75%, 8/15/23	12,593,105
	<b>Auto Components 1.0%</b>	
8,945	Horizon Global Corp., 2.75%, 7/1/22	7,284,584

30 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements



**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Auto Manufacturers 1.0%</b>	
\$4,675	Navistar International Corp., 4.75%, 4/15/19	\$4,862,813
2,150	Tesla, Inc., 1.25%, 3/1/21	2,451,082
		7,313,895
	<b>Biotechnology 0.8%</b>	
7,260	Intercept Pharmaceuticals, Inc., 3.25%, 7/1/23	5,821,961
	<b>Building Materials 0.5%</b>	
3,225	Cemex S.A.B de C.V., 3.72%, 3/15/20	3,333,605
	<b>Commercial Services 2.6%</b>	
10,220	Ascent Capital Group, Inc., 4.00%, 7/15/20	7,932,764
7,960	Huron Consulting Group, Inc., 1.25%, 10/1/19	7,452,550
2,795	ServiceSource International, Inc., 1.50%, 8/1/18	2,747,206
		18,132,520
	<b>Distribution/Wholesale 0.7%</b>	
4,975	Titan Machinery, Inc., 3.75%, 5/1/19	4,941,936
	<b>Diversified Financial Services 2.4%</b>	
7,030	Encore Capital Group, Inc., 3.00%, 7/1/20	7,880,630
9,160	PRA Group, Inc., 3.00%, 8/1/20	8,915,272
		16,795,902
	<b>Electric Utilities 1.0%</b>	
6,905	NRG Yield, Inc., 3.25%, 6/1/20 (a)(b)	6,884,810
	<b>Electrical Equipment 1.1%</b>	
	SunPower Corp.,	
2,365	0.875%, 6/1/21	1,818,212
7,095	4.00%, 1/15/23	5,742,693
		7,560,905
	<b>Electronics 0.6%</b>	
4,450	OSI Systems, Inc., 1.25%, 9/1/22 (a)(b)	3,996,656
	<b>Energy-Alternate Sources 2.1%</b>	
3,010	Pattern Energy Group, Inc., 4.00%, 7/15/20	2,998,460
12,690	SolarCity Corp., 1.625%, 11/1/19	11,895,200
		14,893,660
	<b>Engineering &amp; Construction 0.3%</b>	
2,445	Layne Christensen Co., 4.25%, 11/15/18	2,472,411
	<b>Equity Real Estate Investment Trusts (REITs) 1.4%</b>	
4,100	Two Harbors Investment Corp., 6.25%, 1/15/22	4,215,017
5,810	Western Asset Mortgage Capital Corp., 6.75%, 10/1/22	5,728,660

		9,943,677
	<b>Healthcare/Healthcare Distributors 1.1%</b>	
8,615	Aceto Corp., 2.00%, 11/1/20	7,623,439
	<b>Insurance 1.1%</b>	
9,260	AmTrust Financial Services, Inc., 2.75%, 12/15/44	8,146,661
	<b>Iron/Steel 0.1%</b>	
690	AK Steel Corp., 5.00%, 11/15/19	866,210
	<b>Oil, Gas &amp; Consumable Fuels 3.0%</b>	
13,775	Helix Energy Solutions Group, Inc., 3.25%, 3/15/32	13,801,833
7,525	Whiting Petroleum Corp., 1.25%, 4/1/20	7,120,524
		20,922,357

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **31**

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

Principal Amount (000s)		Value
	<b>Pharmaceuticals 3.5%</b>	
\$12,175	Herbalife Ltd., 2.00%, 8/15/19	\$14,188,100
2,460	Horizon Pharma Investment Ltd., 2.50%, 3/15/22	2,278,575
5,885	Impax Laboratories, Inc., 2.00%, 6/15/22	5,793,535
2,585	Jazz Investments I Ltd., 1.50%, 8/15/24 (a)(b)	2,465,568
		24,725,778
	<b>Pipelines 1.1%</b>	
10,095	Cheniere Energy, Inc., 4.25%, 3/15/45	7,824,100
	<b>Retail 1.1%</b>	
7,860	RH, zero coupon, 6/15/19 (a)(b)	7,768,714
	<b>Semiconductors 0.9%</b>	
	Cypress Semiconductor Corp.,	
635	2.00%, 2/1/23 (a)(b)	698,065
2,150	4.50%, 1/15/22	3,093,235
2,970	Veeco Instruments, Inc., 2.70%, 1/15/23	2,753,374
		6,544,674
	<b>Software 1.8%</b>	
11,915	Avid Technology, Inc., 2.00%, 6/15/20	10,262,390
3,015	Synchronoss Technologies, Inc., 0.75%, 8/15/19	2,785,314
		13,047,704
	<b>Telecommunications 1.0%</b>	
8,310	Gogo, Inc., 3.75%, 3/1/20	7,306,368
	<b>Tobacco 1.6%</b>	
	Vector Group Ltd. (g),	
4,335	3 mo. Cash Dividends on Common Stock + 1.75%, 1.75%, 4/15/20	4,744,905
4,685	3 mo. Cash Dividends on Common Stock + 2.50%, 2.50%, 1/15/19	6,573,926
		11,318,831
	<b>Transportation 1.0%</b>	
3,010	Aegean Marine Petroleum Network, Inc., 4.25%, 12/15/21	1,834,896
3,440	Echo Global Logistics, Inc., 2.50%, 5/1/20	3,522,563
1,505	Teekay Corp., 5.00%, 1/15/23 (a)(b)	1,443,709
		6,801,168
	<b>Total Convertible Bonds &amp; Notes (cost-\$229,450,234)</b>	<b>244,865,631</b>
	<b>Shares</b>	
	<b>Convertible Preferred Stock 21.5%</b>	
	<b>Banks 4.0%</b>	

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

9,140	Bank of America Corp., 7.25%, Ser. L (e)	11,694,904
12,835	Wells Fargo & Co., 7.50%, Ser. L (e)	16,364,625
		28,059,529
	<b>Chemicals 1.0%</b>	
51,505	Rayonier Advanced Materials, Inc., 8.00%, 8/15/19, Ser. A	7,358,262
	<b>Commercial Services &amp; Supplies 0.8%</b>	
110,120	Stericycle, Inc., 5.25%, 9/15/18	5,349,630
	<b>Diversified Financial Services 0.5%</b>	
4,300	Cowen, Inc., 5.625%, Ser. A (e)	3,567,323

32 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

Shares		Value
	<b>Diversified Telecommunication Services 0.2%</b>	
117,480	Frontier Communications Corp., 11.125%, 6/29/18, Ser. A	\$1,488,472
	<b>Electric Utilities 2.0%</b>	
228,650	Dominion Energy, Inc., 6.75%, 8/15/19, Ser. A	11,151,260
50,060	NextEra Energy, Inc., 6.123%, 9/1/19	2,768,318
		13,919,578
	<b>Equity Real Estate Investment Trusts (REITs) 4.2%</b>	
3,490	Crown Castle International Corp., 6.875%, 8/1/20, Ser. A	3,906,043
476,235	RLJ Lodging Trust, 1.95%, Ser. A (e)	12,377,347
309,935	Sutherland Asset Management Corp., 7.00%, 8/15/23	7,748,375
106,440	Welltower, Inc., 6.50%, Ser. I (e)	5,800,980
		29,832,745
	<b>Hand/Machine Tools 1.7%</b>	
104,940	Stanley Black & Decker, Inc., 5.375%, 5/15/20	12,367,179
	<b>Healthcare Providers &amp; Services 2.5%</b>	
302,850	Anthem, Inc., 5.25%, 5/1/18	17,377,533
	<b>Healthcare-Products 1.3%</b>	
150,440	Becton Dickinson and Co., 6.125%, 5/1/20, Ser. A	8,861,849
	<b>Oil, Gas &amp; Consumable Fuels 2.1%</b>	
120,125	Anadarko Petroleum Corp., 7.50%, 6/7/18	3,904,063
130,590	Kinder Morgan, Inc., 9.75%, 10/26/18, Ser. A	4,351,259
173,845	Sanchez Energy Corp., 6.50%, Ser. B (e)	3,104,576
62,570	WPX Energy, Inc., 6.25%, 7/31/18, Ser. A	3,849,932
		15,209,830
	<b>Pharmaceuticals 1.2%</b>	
23,315	Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18	8,233,692
	<b>Total Convertible Preferred Stock (cost-\$161,179,713)</b>	<b>151,625,622</b>
	<b>Preferred Stock (a)(d)(f)(i)(j) 1.2%</b>	
	<b>Media 1.2%</b>	
8,339	LiveStyle, Inc., Ser. A	833,900
76,572	LiveStyle, Inc., Ser. B	7,657,200
5,000	LiveStyle, Inc., Ser. B	50
	<b>Total Preferred Stock (cost-\$13,324,564)</b>	<b>8,491,150</b>
	<b>Common Stock (a)(d)(f)(i) 0.3%</b>	
	<b>Advertising 0.3%</b>	
133,715	Affinion Group Holdings, Inc., Class A (h) (acquisition cost-\$2,371,020; purchased 11/9/15-11/12/15)	2,024,445
	<b>Aerospace &amp; Defense 0.0%</b>	
6,354	Erickson, Inc.	199,452

	<b>Media</b>	<b>0.0%</b>	
90,407	LiveStyle, Inc. (j)		9
Total Common Stock (cost-\$7,842,203)			2,223,906
Units			
	<b>Warrants (d)(f)(i)</b>	<b>0.0%</b>	
	<b>Commercial Services</b>	<b>0.0%</b>	
1,562,241	Cenveo, Inc., strike price \$12.00, expires 6/10/24 (b)		273

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **33**

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

Units	Value
<b>Media 0.0%</b>	
19,500 LiveStyle, Inc., expires 11/30/21, Ser. C. (a)(j)	\$2
Total Warrants (cost-\$183,305)	275
Principal Amount (000s)	
<b>Repurchase Agreements 1.8%</b>	
\$12,978 State Street Bank and Trust Co., dated 2/28/18, 0.20%, due 3/1/18, proceeds \$12,978,072; collateralized by U.S. Treasury Notes, 1.25%, due 7/31/23, valued at \$13,238,902 including accrued interest (cost-\$12,978,000)	12,978,000
<b>Total Investments (cost-\$725,699,987) 100.0%</b>	<b>706,786,137</b>
Other assets in excess of liabilities	7,319,649
Preferred Shares	(274,000,000)
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$440,105,786</b>

**Notes to Schedule of Investments:**

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$130,367,519, representing 18.4% of total investments.
- (b) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Securities with an aggregate value of \$119,652,734, representing 16.9% of total investments.
- (c) In default.
- (d) Fair-Valued Securities with an aggregate value of \$10,715,331, representing 1.5% of total investments. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (e) Perpetual maturity. The date shown, if any, is the next call date.
- (f) Level 3 security. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

- (g) In addition to the coupon rate shown, the issuer is expected to pay additional interest based on the actual dividends paid on its common stock.
- (h) Restricted. The aggregate acquisition cost of such securities is \$14,467,923. The aggregate value is \$2,502,437, representing 0.4% of total investments.
- (i) Non-income producing.
- (j) A member of the Fund's portfolio management team is a member of the board of directors of LiveStyle, Inc. The Fund's aggregate value of investments in LiveStyle, Inc. represents 1.2% of total investments.
- (k) Fair Value Measurements-See Note 1(b) in the Notes to Financial Statements.

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 2/28/18
<b>Investments in Securities</b>				
<b>Assets</b>				
Corporate Bonds & Notes		\$286,601,553		\$286,601,553
Convertible Bonds & Notes		244,865,631		244,865,631
Convertible Preferred Stock:				
Chemicals		7,358,262		7,358,262
Diversified Financial Services		3,567,323		3,567,323
Healthcare-Products		8,861,849		8,861,849
Oil, Gas & Consumable Fuels	\$12,105,254	3,104,576		15,209,830
Pharmaceuticals		8,233,692		8,233,692
All Other	108,394,666			108,394,666
Preferred Stock			\$8,491,150	8,491,150
Common Stock			2,223,906	2,223,906
Warrants			275	275
Repurchase Agreements		12,978,000		12,978,000
<b>Totals</b>	<b>\$120,499,920</b>	<b>\$575,570,886</b>	<b>\$10,715,331</b>	<b>\$706,786,137</b>



**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

At February 28, 2018, there were no transfers between Levels 1 and 2.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended February 28, 2018, was as follows:

	Beginning Balance 2/28/17	Purchases	Sales	Accrued Discount (Premiums)	Net Realized Gain (Loss)
<b>Investments in Securities Assets</b>					
Corporate Bonds & Notes:					
Commercial Services	\$5,361,665	\$	\$	\$(81,535)	\$
Preferred Stock:					
Media	7,759,031				
Common Stock:					
Advertising	1,987,005				
Aerospace & Defense		5,471,184			
Media	9				
Warrants:					
Commercial Services	340,656				
Media	2				
<b>Totals</b>	<b>\$15,448,368</b>	<b>\$5,471,184</b>	<b>\$</b>	<b>\$(81,535)</b>	<b>\$</b>

	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3*	Ending Balance 2/28/18
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Commercial Services	\$(4,802,210)	\$	\$(477,920)	\$
Preferred Stock:				
Media	732,119			8,491,150
Common Stock:				
Advertising	37,440			2,024,445
Aerospace & Defense	(5,271,732)			199,452
Media	9			9
Warrants:				
Commercial Services	(340,383)			273

Media				2
<b>Totals</b>	\$ (9,644,766)	\$	\$ (477,920)	\$ 10,715,331

Issued via reorganization.

\* Transferred out of Level 3 into Level 2 because an evaluated price from a third-party independent pricing vendor was used on February 28, 2018.

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report 35

**Table of Contents****Schedule of Investments**

AllianzGI Convertible &amp; Income Fund II

February 28, 2018 (continued)

The following tables present additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at February 28, 2018:

	Ending Balance at 2/28/18	Valuation Technique Used	Unobservable Inputs	Input Values
<b>Investments in Securities Assets</b>				
Preferred Stock	\$8,491,100	Market and Company Comparables	EV Multiples	0.69x (0.24x 1.10x)
			Illiquidity Discount	20%
Common Stock	\$2,024,445	Market and Company Comparables	EV Multiples	4.00x (1.72x 10.26x)
			Illiquidity Discount	30%
	\$199,452	Market and Company Comparables	EV Multiples	0.71x (0.48x 1.10x)
			M&A Transaction Multiples	0.87x (0.32x 2.12x)
			Illiquidity Discount	40%

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2018, was \$(4,842,556). Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

**Glossary:**

PIK - Payment-in-Kind

REIT - Real Estate Investment Trust

36 Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Statements of Assets and Liabilities**

AllianzGI Convertible &amp; Income Funds

February 28, 2018

	Convertible & Income 2024 Target Term	Convertible & Income	Convertible & Income II
<b>Assets:</b>			
Investments, at value (cost-\$248,415,545, \$955,077,772 and \$725,699,987, respectively)	\$246,435,837	\$928,544,635	\$706,786,137
Interest and dividends receivable	3,266,137	11,378,225	8,728,993
Receivable for investments sold	1,929,931	6,844,055	5,262,748
Receivable for principal paydowns	19,790		
Tax reclaims receivable	9,625		
Investments in Affiliated Funds Trustees Deferred Compensation Plan (see Note 3)	2,708	80,435	60,855
Prepaid expenses	15,972	68,331	94,822
<b>Total Assets</b>	<b>251,680,000</b>	<b>946,915,681</b>	<b>720,933,555</b>
<b>Liabilities:</b>			
Loan payable (See Note 7)	69,700,000		
Payable for investments purchased	2,005,608	2,275,779	1,716,816
Dividends payable to common and preferred shareholders	839,823	5,854,069	4,369,826
Investment management fees payable	142,748	502,963	382,944
Payable to custodian for cash overdraft	12,308	46,931	39,603
Loan interest payable	11,274		
Trustees Deferred Compensation Plan payable (see Note 3)	2,708	80,435	60,855
Accrued expenses and other liabilities	205,259	288,666	257,725
<b>Total Liabilities</b>	<b>72,919,728</b>	<b>9,048,843</b>	<b>6,827,769</b>
<b>Preferred Shares (\$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 0, 14,280 and 10,960 shares issued and outstanding, respectively)</b>		357,000,000	274,000,000
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$178,760,272</b>	<b>\$580,866,838</b>	<b>\$440,105,786</b>
<b>Composition of Net Assets Applicable to Common Shareholders:</b>			
Common Shares:			
Par value (\$0.00001 per share)	\$183	\$888	\$749
Paid-in-capital in excess of par	179,156,440	791,029,201	606,025,486
Undistributed (dividends in excess of) net investment income	574,250	(8,534,373)	(6,418,474)
Accumulated net realized gain (loss)	1,009,107	(175,095,741)	(140,588,125)
Net unrealized depreciation	(1,979,708)	(26,533,137)	(18,913,850)

Edgar Filing: AllianzGI Convertible & Income Fund - Form N-CSR

<b>Net Assets Applicable to Common Shareholders</b>	\$178,760,272	\$580,866,838	\$440,105,786
Common Shares Issued and Outstanding	18,257,012	88,808,652	74,921,851
<b>Net Asset Value Per Common Share</b>	\$9.79	\$6.54	\$5.87

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **37**

**Table of Contents****Statements of Operations**

AllianzGI Convertible &amp; Income Funds

Period or Year ended February 28, 2018

	Convertible & Income 2024 Target Term <sup>(1)</sup>	Convertible & Income	Convertible & Income II
<b>Investment Income:</b>			
Interest	\$7,939,270	\$52,039,070	\$39,612,251
Dividends (net of foreign withholding taxes of \$42,000, \$234,701 and \$177,004, respectively)	818,594	16,407,387	12,299,268
Miscellaneous	115,342	82,682	31,206
<b>Total Investment Income</b>	<b>8,873,206</b>	<b>68,529,139</b>	<b>51,942,725</b>
<b>Expenses:</b>			
Investment management	1,201,486	6,632,033	5,044,992
Loan interest	1,064,542		
Audit and tax services	88,700	111,140	117,577
Custodian and accounting agent	46,071	118,909	100,507
Excise tax	36,150		
Legal	36,000	61,503	53,257
Shareholder communications	28,205	86,189	72,062
Transfer agent	14,700	25,281	26,241
Trustees	7,844	41,561	32,208
Insurance	5,057	20,396	16,609
Auction agent and commissions		417,416	324,616
New York Stock Exchange listing		43,778	36,624
Miscellaneous	7,504	27,765	50,237
<b>Total Expenses</b>	<b>2,536,259</b>	<b>7,585,971</b>	<b>5,874,930</b>
<b>Net Investment Income</b>	<b>6,336,947</b>	<b>60,943,168</b>	<b>46,067,795</b>
<b>Realized and Change in Unrealized Gain (Loss):</b>			
Net realized gain on investments	1,089,016	18,030,865	15,554,119
Net change in unrealized appreciation/depreciation of investments	(1,979,708)	(32,466,081)	(25,318,362)
Net realized and change in unrealized loss	(890,692)	(14,435,216)	(9,764,243)
<b>Net Increase in Net Assets Resulting from Investment Operations</b>	<b>5,446,255</b>	<b>46,507,952</b>	<b>36,303,552</b>
<b>Dividends on Preferred Shares from Net Investment Income</b>		<b>(6,007,597)</b>	<b>(4,610,846)</b>
<b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b>	<b>\$5,446,255</b>	<b>\$40,500,355</b>	<b>\$31,692,706</b>

(1) Commencement of operations was June 30, 2017. Information represents the period from June 30, 2017 through February 28, 2018.

**38** Annual Report | February 28, 2018 | See accompanying Notes to Financial Statements

**Table of Contents****Statements of Changes in Net Assets**

## AllianzGI Convertible &amp; Income 2024 Target Term Fund

	Period from June 30, 2017** through February 28, 2018
<b>Investment Operations:</b>	
Net investment income	\$6,336,947
Net realized gain	1,089,016
Net change in unrealized appreciation/depreciation	(1,979,708)
Net increase in net assets resulting from investment operations	5,446,255
<b>Dividends to Common Shareholders from Net Investment Income</b>	<b>(5,878,756)</b>
<b>Share Transactions:</b>	
Net proceeds from shares issued in offering	179,457,239
Offering costs charged to paid-in capital in excess of par (Note 9)	(364,936)
Reinvestment of dividends	468
Net increase in net assets from share transactions	179,092,771
Total increase in net assets applicable to shareholders	178,660,270
<b>Net Assets:</b>	
Beginning of period	100,002
End of period*	\$178,760,272
*Including undistributed net investment income of:	\$574,250
<b>Shares Activity:</b>	
Shares outstanding, beginning of period	10,168
Shares issued in offering	18,246,796
Shares issued in reinvestment of dividends	48
Shares outstanding, end of period	18,257,012
** Commencement of operations.	

See accompanying Notes to Financial Statements | February 28, 2018 | Annual Report **39**



**Table of Contents****Statements of Changes in Net Assets Applicable to Common Shareholders**

AllianzGI Convertible &amp; Income Fund

	Year ended February 28, 2018	Year ended February 28, 2017
<b>Investment Operations:</b>		
Net investment income	\$60,943,168	\$64,277,340
Net realized gain (loss)	18,030,865	(49,853,202)
Net change in unrealized appreciation/depreciation	(32,466,081)	176,239,359
Net increase in net assets resulting from investment operations	46,507,952	190,663,497
<b>Dividends on Preferred Shares from Net Investment Income</b>	<b>(6,007,597)</b>	<b>(2,357,962)</b>