

AllianzGI Convertible & Income Fund II
Form N-CSR
April 29, 2014

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: 811-21338

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

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

10019
(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019

(Name and address of agent for service)

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

Date of fiscal year end: February 28, 2014

Date of reporting period: February 28, 2014

Item 1. Report to Shareholders

AllianzGI Convertible & Income Fund

AllianzGI Convertible & Income Fund II

Annual Report

February 28, 2014

Table of Contents

2	3	<u>Letter from the Chairman of the Board & President</u>
4	5	<u>Fund Insights</u>
6	7	<u>Performance & Statistics</u>
8	23	<u>Schedules of Investments</u>
	24	<u>Statements of Assets and Liabilities</u>
	25	<u>Statements of Operations</u>
26	27	<u>Statements of Changes in Net Assets</u>
28	37	<u>Notes to Financial Statements</u>
38	39	<u>Financial Highlights</u>
	40	<u>Report of Independent Registered Public Accounting Firm</u>
	41	<u>Tax Information</u>
	42	<u>Annual Shareholder Meeting Results/Changes in Investment Policy/Proxy Voting Policies & Procedures</u>
43	44	<u>Privacy Policy</u>
45	46	<u>Dividend Reinvestment Plan</u>
47	48	<u>Board of Trustees</u>
	49	<u>Fund Officers</u>

Letter from the Chairman of the Board &

President

Hans W. Kertess

Chairman

Julian Sluyters

President & CEO

Dear Shareholder:

The US economy continued to expand during the fiscal 12-month reporting period ended February 28, 2014. Bond yields moved higher as the Federal Reserve (the Fed) adjusted its monetary policy, while stocks posted impressive gains.

Twelve Months in Review through February 28, 2014

n AllianzGI Convertible & Income Fund returned 21.69% on net asset value (NAV) and 24.87% on market price.

n AllianzGI Convertible & Income Fund II returned 21.28% on NAV and 28.50% on market price. In comparison, the Standard & Poor's 500 Index, an unmanaged index generally representative of the US stock market, rose 25.37% and the Barclays US Credit Index, an unmanaged index considered representative of publicly issued, Securities & Exchange Commission registered US corporate and specific foreign debentures and secured notes, returned 0.90% during the 12-month reporting period. Convertible securities, which share characteristics of both stocks and bonds, rose. The BofA Merrill Lynch All Convertibles Index, an unmanaged index generally representative of the convertible securities market, advanced 26.79% for the period.

The US economy continued to grow during the reporting period. Gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, grew at an annual pace of 1.1% during the first quarter of 2013. Annual GDP growth then rose 2.5% during the second quarter and 4.1% during the third quarter, the latter being the best reading since the fourth quarter of 2011. Improving growth was partially due to an increase in private inventory investment and decelerating imports. According to the US Commerce Department, GDP growth expanded at a 2.6% annual pace during the fourth quarter of 2013.

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The US Federal Reserve (the Fed) maintained an accommodative monetary policy during the reporting period. However, at its meeting in December 2013, the Fed announced that it would begin tapering its monthly purchase program beginning in January 2014, from \$85 billion to \$75 billion. The program continued into February. However, the Fed reiterated that tapering did not mean that it would raise interest rates anytime soon, saying, it likely will be appropriate to maintain the current target range for the federal funds rate well past the time that the

2 Annual Report | February 28, 2014

unemployment rate declines below 6.5%, especially if projected inflation continues to run below the Committee's 2% longer-run goal.

Outlook

The US was highly resilient and appeared to overcome the headwinds associated with higher taxes, the sequestration, a partial federal government shutdown and rising interest rates. Barring unanticipated

strengthening of US labor markets and accelerating

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inflation, we expect the central bank to take a measured approach to the reduction of purchases in 2014. Tapering of asset purchases, as well as concerns about global growth, ongoing geopolitical issues and dysfunction in Washington DC, will likely contribute to increased market volatility.

While ongoing tapering could lead to periods of volatility, the Fed made it clear that it does not intend to raise short-term rates for an extended period. That being said, concerns related to global growth, geopolitical issues and ever-changing market factors may also contribute to market volatility.

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/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and Allianz Global Investors U.S. LLC, the Funds' sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess
Chairman of the Board of Trustees

Julian Sluyters
President & Chief Executive Officer

Fund Insights

AllianzGI Convertible & Income Funds

February 28, 2014 (unaudited)

For the period of March 1, 2013, through February 28, 2014, as provided by Doug Forsyth, CFA, Portfolio Manager.

For the fiscal twelve-month period ended February 28, 2014, AllianzGI Convertible & Income Fund and AllianzGI Convertible & Income Fund II (the Funds) returned 21.69% and 21.28% on net asset value (NAV) and 24.87% and 28.50% on market price, respectively.

Market Environment

Convertible and high-yield bond markets moved sharply higher over the reporting period. Convertibles largely benefited from higher stock prices, and to a lesser extent, credit spread tightening. Healthy corporate earnings, continued global economic improvement and ongoing accommodative global central bank policies supported the stock market's advance. In addition, convertible and high-yield bonds benefited from a lack of credit risk. Solid balance sheets were confirmed during the reporting seasons. The new-issue corporate-bond market produced a lower semiannual interest-expense burden for issuers, and again proved the widespread availability of new capital. Furthermore, the majority of the new issues' use-of-proceeds continued to be refinancing, which helped eliminate near-term amortization risk in the market.

Despite a significant rise in markets overall, there were periods of uncertainty. Market weakness was generally more macro in nature than fundamentally driven. In particular, headlines focused on the US Federal Reserve (the Fed) led to episodes of volatility. What had been perceived by investors as a unilaterally accommodative global monetary policy was tempered by the language and eventual tapering by the Fed.

The latter half of the period was transitional, as several structural and fundamental drivers of investor sentiment moved away from speculation and moved toward certainty. Risk assets, including convertible and high-yield bonds, responded positively to these stabilizing factors, which restored confidence in the US and global economy. Among the macro factors that contributed to performance: the Fed announced tapering, the House and Senate passed a budget, the media circus associated with the government shutdown proved to be overblown, US economic statistics continued to surprise on the upside, and in the euro zone, the majority of economies and financial conditions stabilized.

As the period came to a close, investors looked beyond emerging market concerns and mixed US economic data points partially due to inclement weather, expecting stronger growth ahead. The Fed continued to reduce asset purchases, but reiterated that future stimulus withdrawal was not on a preset schedule. Furthermore, US corporations continued to deliver healthy fourth-quarter results.

Against this backdrop the convertible and high-yield bond markets outperformed fixed-income asset classes during the period due to their low and even negative correlations with interest rates.

Portfolio Specifics

The Funds rallied with the market in the reporting period. The attribution for the period included several positive single-name performers from a variety of sectors. The majority of the Funds' issuers exceeded earnings expectations, which helped contribute to performance.

4 Annual Report | February 28, 2014

In the convertibles sleeve, sector allocations which benefitted performance in the period relative to the convertibles universe were Industrials, Energy, Media and Materials. Stronger issue-specific performance was evident across all of the aforementioned sectors, but greatest among Industrials and Energy. Additionally, the Funds benefitted from an underweight in Materials as the sector underperformed the overall market. Conversely, sector allocations that hindered relative performance in the reporting period were Healthcare, Financials and Consumer Discretionary. An underweight and negative security selection in Healthcare pressured relative performance. Furthermore, an overweight and relative underperformance in Financials detracted. Lastly, weaker issue-specific performance in Consumer Discretionary negatively impacted relative returns.

In the high yield bond sleeve, industry allocations which benefitted performance in the period relative to the high yield universe were Publishing/Printing, Services, Diversified Media and Technology. All of the aforementioned industries demonstrated positive security selection. In contrast, industry allocations that hindered relative performance during the period were Telecom Wireless, Gaming, Financial Services and Broadcasting. Negative security selection was exhibited within the Telecom, Gaming and Broadcasting industries. In Financial Services, both an overweight and weaker issuer-specific returns negatively impacted relative performance.

Performance and Statistics

AllianzGI Convertible & Income Fund

February 28, 2014 (unaudited)

Total Return ⁽¹⁾:	Market Price	NAV
1 Year	24.87%	21.69%
5 Year	36.54%	30.81%
10 Year	8.70%	7.93%
Commencement of Operations (3/31/03) to 2/28/14	9.67%	9.60%

Market Price/NAV Performance:

Commencement of Operations (3/31/03) to 2/28/14

Market Price/NAV:

Market Price	\$10.20
NAV	\$9.49
Premium to NAV	7.48%
Market Price Yield ⁽²⁾	10.59%
Leverage ⁽³⁾	30.55%

Moody's Ratings

(as a % of total investments)

Performance and Statistics

AllianzGI Convertible & Income Fund II

February 28, 2014 (unaudited)

Total Return ⁽¹⁾:	Market Price	NAV
1 Year	28.50%	21.28%
5 Year	38.03%	31.20%
10 Year	8.48%	7.23%
Commencement of Operations (7/31/03) to 2/28/14	8.83%	8.19%

Market Price/NAV Performance:

Commencement of Operations (7/31/03) to 2/28/14

Market Price/NAV:

Market Price	\$9.71
NAV	\$8.53
Premium to NAV	13.83%
Market Price Yield ⁽²⁾	10.50%
Leverage ⁽³⁾	30.41%

Moody's Ratings

(as a % of total investments)

(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.

Performance at market price will differ from results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for 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) 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, 2014.

(3) Represents Preferred Shares outstanding (Leverage), 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).

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014

Principal Amount (000s)		Value
Corporate Bonds & Notes 42.3%		
Aerospace & Defense 0.5%		
\$5,570	Erickson Air-Crane, Inc., 8.25%, 5/1/20 (a)(b)	\$5,932,050
Auto Components 0.9%		
4,180	Chassix, Inc., 9.25%, 8/1/18 (a)(b)	4,503,950
5,280	Goodyear Tire & Rubber Co., 8.25%, 8/15/20	5,926,800
		10,430,750
Auto Manufacturers 0.7%		
7,410	Chrysler Group LLC, 8.25%, 6/15/21	8,428,875
Commercial Services 3.8%		
4,000	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 9.75%, 3/15/20	4,660,000
11,500	Cenveo Corp., 11.50%, 5/15/17	11,413,750
5,705	DynCorp International, Inc., 10.375%, 7/1/17	5,990,250
7,955	Interactive Data Corp., 10.25%, 8/1/18	8,670,950
7,375	Monitronics International, Inc., 9.125%, 4/1/20	7,946,562
5,716	National Money Mart Co., 10.375%, 12/15/16	5,708,855
		44,390,367
Commercial Services & Supplies 0.8%		
5,645	United Rentals North America, Inc., 8.375%, 9/15/20	6,350,625
2,255	West Corp., 8.625%, 10/1/18	2,441,038
		8,791,663
Construction Materials 0.6%		
6,810	US Concrete, Inc., 8.50%, 12/1/18 (a)(b)	7,269,675
Consumer Finance 0.8%		
3,210	SLM Corp., 8.45%, 6/15/18	3,811,875
4,935	Springleaf Finance Corp., 8.25%, 10/1/23	5,539,538
		9,351,413
Distribution/Wholesale 0.9%		
8,170	HD Supply, Inc., 11.00%, 4/15/20	10,028,675
Diversified Consumer Services 0.6%		
6,815	Cambium Learning Group, Inc., 9.75%, 2/15/17	6,712,775
Diversified Financial Services 2.0%		
8,395	Affinion Investments LLC, 13.50%, 8/15/18 (a)(b)	8,310,654
10,085	Community Choice Financial, Inc., 10.75%, 5/1/19	8,874,800
7,130	12.75%, 5/1/20 (a)(b)	6,470,475
		23,655,929

	Diversified Telecommunications 0.9%	
10,275	Cincinnati Bell, Inc., 8.75%, 3/15/18	10,779,112
	Electrical Components & Equipment 1.2%	
13,585	WireCo WorldGroup, Inc., 9.50%, 5/15/17	14,060,475
	Electronic Equipment, Instruments & Components 0.7%	
7,725	Kemet Corp., 10.50%, 5/1/18	8,111,250
	Energy Equipment & Services 0.9%	
9,795	Pioneer Drilling Co., 9.875%, 3/15/18	10,333,725
	Food & Staples Retailing 0.9%	
5,000	Rite Aid Corp., 10.25%, 10/15/19	5,568,750

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

Principal Amount (000s)		Value
	Food & Staples Retailing (continued)	
\$5,000	US Foods, Inc., 8.50%, 6/30/19	\$5,425,000
		10,993,750
	Health Care Providers & Services 0.8%	
8,875	ExamWorks Group, Inc., 9.00%, 7/15/19	9,806,875
	Healthcare-Products 0.9%	
8,885	Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18	10,317,706
	Hotels, Restaurants & Leisure 1.8%	
9,120	DineEquity, Inc., 9.50%, 10/30/18	10,032,000
8,405	MGM Resorts International, 11.375%, 3/1/18	10,947,512
		20,979,512
	Household Durables 1.1%	
	Beazer Homes USA, Inc.,	
2,945	7.25%, 2/1/23	3,048,075
5,045	9.125%, 5/15/19	5,467,519
3,950	Jarden Corp., 7.50%, 5/1/17	4,562,250
		13,077,844
	Household Products/Wares 0.7%	
7,610	Reynolds Group Issuer, Inc., 9.875%, 8/15/19	8,618,325
	Internet Software & Services 1.1%	
	EarthLink, Inc.,	
2,800	7.375%, 6/1/20	2,940,000
10,060	8.875%, 5/15/19	10,185,750
		13,125,750
	Iron/Steel 0.6%	
7,305	AK Steel Corp., 8.375%, 4/1/22	7,286,737
	IT Services 0.2%	
2,615	Stream Global Services, Inc., 11.25%, 10/1/14	2,634,613
	Leisure Time 0.8%	
8,855	Travelport LLC, 11.875%, 9/1/16	9,131,719
	Lodging 0.6%	
12,385	Caesars Entertainment Operating Co., Inc., 12.75%, 4/15/18	6,997,525
	Machinery 0.6%	
6,755	Navistar International Corp., 8.25%, 11/1/21	7,084,306
	Media 2.5%	
5,500	AMC Entertainment, Inc., 9.75%, 12/1/20	6,373,125
8,355	McClatchy Co., 9.00%, 12/15/22	9,597,806
8,220	McGraw-Hill Global Education Holdings LLC/McGraw-Hill Global Education Finance,	9,144,750

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	9.75%, 4/1/21 (a)(b)	
3,745	Mood Media Corp., 9.25%, 10/15/20 (a)(b)	3,613,925
		28,729,606
	Metals & Mining 1.2%	
6,590	ArcelorMittal, 10.35%, 6/1/19	8,410,487
5,465	Thompson Creek Metals Co., Inc., 7.375%, 6/1/18	5,137,100
		13,547,587
	Miscellaneous Manufacturing 0.7%	
8,278	Harland Clarke Holdings Corp., 9.50%, 5/15/15	8,283,381

February 28, 2014 | Annual Report 9

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

Principal Amount (000s)		Value
	Oil & Gas 1.4%	
\$9,050	Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17	\$9,932,375
6,038	United Refining Co., 10.50%, 2/28/18	6,777,655
		16,710,030
	Oil, Gas & Consumable Fuels 2.0%	
2,840	Arch Coal, Inc., 9.875%, 6/15/19	2,584,400
9,890	Endeavour International Corp., 12.00%, 3/1/18	9,741,650
5,050	EP Energy LLC/EP Energy Finance, Inc., 9.375%, 5/1/20	5,870,625
4,500	Laredo Petroleum, Inc., 9.50%, 2/15/19	5,006,250
		23,202,925
	Packaging & Containers 0.8%	
7,768	Tekni-Plex, Inc., 9.75%, 6/1/19 (a)(b)	8,933,200
	Paper & Forest Products 0.3%	
3,000	Louisiana-Pacific Corp., 7.50%, 6/1/20	3,345,000
	Retail 0.8%	
3,080	Neiman Marcus Group Ltd., Inc., 8.00%, 10/15/21 (a)(b)	3,318,700
6,110	Toys R Us, Inc., 10.375%, 8/15/17	5,330,975
		8,649,675
	Semiconductors & Semiconductor Equipment 1.0%	
2,580	Advanced Micro Devices, Inc., 8.125%, 12/15/17	2,712,225
7,160	Freescale Semiconductor, Inc., 10.75%, 8/1/20	8,359,300
		11,071,525
	Software 0.9%	
9,045	First Data Corp., 12.625%, 1/15/21	10,854,000
	Specialty Retail 0.7%	
4,160	Brown Shoe Co., Inc., 7.125%, 5/15/19	4,430,400
3,500	Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b)	3,701,250
		8,131,650
	Telecommunications 0.9%	
7,415	Consolidated Communications Finance Co., 10.875%, 6/1/20	8,638,475
5,090	NII Capital Corp., 8.875%, 12/15/19	2,290,500
		10,928,975
	Textiles, Apparel & Luxury Goods 0.7%	
7,540	Kate Spade & Co., 10.50%, 4/15/19	8,011,250
	Trading Companies & Distribution 0.6%	
6,075	Aircastle Ltd., 9.75%, 8/1/18	6,576,187
	Transportation 1.6%	
8,144	Quality Distribution LLC, 9.875%, 11/1/18	8,988,940
8,610	Swift Services Holdings, Inc., 10.00%, 11/15/18	9,524,813

		18,513,753
Wireless Telecommunication Services	0.8%	
7,205	Sprint Communications, Inc., 11.50%, 11/15/21	9,690,725
Total Corporate Bonds & Notes (cost-\$477,425,783)		493,510,865

10 Annual Report | February 28, 2014

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

Shares		Value
Convertible Preferred Stock 35.9%		
Aerospace & Defense 1.2%		
209,095	United Technologies Corp., 7.50%, 8/1/15	\$13,898,545
Airlines 1.6%		
361,355	Continental Airlines Finance Trust II, 6.00%, 11/15/30	18,101,645
Auto Components 0.5%		
72,480	Goodyear Tire & Rubber Co., 5.875%, 4/1/14	5,382,365
Automobiles 1.2%		
371,675	The Goldman Sachs Group, Inc., 8.50%, 12/16/14 (General Motors) (c)	13,802,523
Commercial Banks 4.4%		
9,695	Huntington Bancshares, Inc., 8.50%, (d)	12,312,650
316,680	The Goldman Sachs Group, Inc., 8.00%, 1/14/15 (Citigroup, Inc.) (c)	15,935,338
19,020	Wells Fargo & Co., 7.50%, Ser. L (d)	22,405,560
		50,653,548
Computers & Peripherals 1.1%		
543,785	JPMorgan Chase & Co., 7.50%, 3/24/14 (EMC Corp.) (c)	12,985,586
Diversified Financial Services 1.4%		
13,790	Bank of America Corp., 7.25%, Ser. L (d)	15,900,422
Diversified Telecommunication Services 0.1%		
25,335	Intelsat SA, 5.75%, 5/1/16	1,355,422
Electric Utilities 1.7%		
375,115	PPL Corp., 8.75%, 5/1/14	19,873,593
Energy Equipment & Services 3.4%		
313,380	Credit Suisse, 8.00%, 3/5/15 (Baker Hughes) (c)(g)	19,489,102
395,170	Wells Fargo & Co., 8.00%, 8/6/14 (Halliburton) (c)	20,208,994
		39,698,096
Household Durables 2.6%		
149,190	Stanley Black & Decker, Inc., 6.25%, 11/17/16	15,948,411
374,000	Wells Fargo & Co., 8.00%, 6/20/14 (Lennar Corp.) (c)	14,324,200
		30,272,611
Insurance 1.7%		
344,500	JPMorgan Chase & Co., 7.00%, 3/10/14 (American International Group, Inc.) (c)	14,641,250
194,050	MetLife, Inc., 5.00%, 3/26/14	5,741,939
		20,383,189
Internet & Catalog Retail 1.3%		
13,835	Credit Suisse, 8.00%, 5/21/14 (Priceline.com) (c)	14,992,436
IT Services 1.4%		
173,180	Unisys Corp., 6.25%, 3/1/14	16,062,445
Metals & Mining 2.4%		
633,320	ArcelorMittal, 6.00%, 1/15/16	15,169,977
662,000	Cliffs Natural Resources, Inc., 7.00%, 2/1/16	13,094,360

		28,264,337
	Multiline Retail 1.5%	
317,620	The Goldman Sachs Group, Inc., 8.00%, 1/12/15 (Macy's) (c)	17,715,255
	Multi-Utilities 1.0%	
239,645	AES Trust III, 6.75%, 10/15/29	12,157,191

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

Shares		Value
Oil, Gas & Consumable Fuels 2.2%		
191,170	Credit Suisse, 8.00%, 3/5/15 (Occidental Petroleum Corp.) (c)(g)	\$18,189,826
14,100	Energy XXI Bermuda Ltd., 5.625%, (d)	3,789,375
124,235	PetroQuest Energy, Inc., 6.875%, (d)	4,111,408
		26,090,609
Pharmaceuticals 1.5%		
143,430	Bank of America Corp., 8.00%, 2/10/15 (Allergan, Inc.) (c)	17,363,636
Real Estate Investment Trust 3.7%		
439,700	Alexandria Real Estate Equities, Inc., 7.00%, (d)	11,981,825
798,310	FelCor Lodging Trust, Inc., 1.95%, Ser. A (d)	19,582,544
208,680	Health Care REIT, Inc., 6.50%, 04/20/18, Ser. I (d)	11,686,080
		43,250,449
	Total Convertible Preferred Stock (cost-\$377,258,513)	418,203,903
Principal Amount (000s)		
Convertible Bonds & Notes 18.4%		
Aerospace & Defense 0.2%		
\$1,185	Alliant Techsystems, Inc., 3.00%, 8/15/24	2,093,006
Biotechnology 0.3%		
5,385	Dendreon Corp., 2.875%, 1/15/16	3,978,169
Capital Markets 2.2%		
10,755	Ares Capital Corp., 5.75%, 2/1/16	11,749,838
13,195	BGC Partners, Inc., 4.50%, 7/15/16	14,027,934
		25,777,772
Commercial Services 1.9%		
20,305	Cenveo Corp., 7.00%, 5/15/17	21,992,853
Construction Materials 0.8%		
7,645	Cemex S.A.B. de C.V., 4.875%, 3/15/15	9,498,912
Health Care Providers & Services 0.7%		
7,731	HealthSouth Corp., 2.00%, 12/1/43	8,093,391
Hotels, Restaurants & Leisure 2.2%		
9,075	MGM Resorts International, 4.25%, 4/15/15	14,009,531
11,940	Morgans Hotel Group Co., 2.375%, 10/15/14	11,820,600
		25,830,131
Life Sciences Tools & Services 0.7%		
8,695	Sequenom, Inc., 5.00%, 10/1/17	7,689,641
Machinery 3.5%		
4,565	Greenbrier Cos, Inc., 3.50%, 4/1/18	6,199,841
	Meritor, Inc.,	

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12,480	4.625%, 3/1/26 (e)	13,041,600
5,655	7.875%, 3/1/26	8,733,441
11,335	Navistar International Corp., 3.00%, 10/15/14	11,455,434
1,100	Wabash National Corp., 3.375%, 5/1/18	1,532,437
		40,962,753
	Oil, Gas & Consumable Fuels 0.7%	
9,625	Endeavour International Corp., 5.50%, 7/15/16	7,748,125

12 Annual Report | February 28, 2014

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

Principal Amount (000s)		Value
	Real Estate Investment Trust 0.6%	
\$7,070	IAS Operating Partnership LP, 5.00%, 3/15/18 (a)(b)	\$6,826,969
	Semiconductors & Semiconductor Equipment 1.1%	
9,920	SunPower Corp., 4.75%, 4/15/14	12,542,600
	Software 1.4%	
6,335	Nuance Communications, Inc., 2.75%, 8/15/27	6,600,278
10,320	TeleCommunication Systems, Inc., 7.75%, 6/30/18	10,062,000
		16,662,278
	Thrifts & Mortgage Finance 0.7%	
6,535	MGIC Investment Corp., 5.00%, 5/1/17	7,645,950
	Tobacco 1.4%	
13,060	Vector Group Ltd., 2.50%, 1/15/19 (f)	16,767,081
	Total Convertible Bonds & Notes (cost-\$184,635,088)	214,109,631
	Short-Term Investment 3.4%	
	Time Deposit 3.4%	
39,196	Bank of America-London, 0.03%, 3/3/14 (cost-\$39,196,336)	39,196,336
	Total Investments (cost-\$1,078,515,720) 100.0%	\$1,165,020,735

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 \$68,025,598, representing 5.8% 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. Unless otherwise indicated, these securities are not considered to be illiquid.
- (c) Securities exchangeable or convertible into securities of an entity different than the issuer or structured by the issuer to provide exposure to securities of an entity different than the issuer (synthetic convertible securities). Such entity is identified in the parenthetical.
- (d) Perpetual maturity. The date shown, if any, is the next call date.
- (e) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.

- (f) 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.

- (g) Fair-Valued Securities with an aggregate value of \$37,678,928, representing 3.2% of total investments. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

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

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 2/28/14
Investments in Securities Assets				
Corporate Bonds & Notes	\$	\$ 493,510,865	\$	\$ 493,510,865
Convertible Preferred Stock:				
Airlines		18,101,645		18,101,645
Automobiles			13,802,523	13,802,523
Commercial Banks	34,718,210		15,935,338	50,653,548
Computers & Peripherals			12,985,586	12,985,586
Diversified Telecommunication Services		1,355,422		1,355,422
Energy Equipment & Services			39,698,096	39,698,096
Household Durables	15,948,411		14,324,200	30,272,611
Insurance	5,741,939		14,641,250	20,383,189
Internet & Catalog Retail			14,992,436	14,992,436
Metals & Mining	13,094,360	15,169,977		28,264,337
Multiline Retail			17,715,255	17,715,255
Oil, Gas & Consumable Fuels		7,900,783	18,189,826	26,090,609
Pharmaceuticals			17,363,636	17,363,636
All Other	126,525,010			126,525,010
Convertible Bonds & Notes		214,109,631		214,109,631
Short-Term Investment		39,196,336		39,196,336
Totals	\$ 196,027,930	\$ 789,344,659	\$ 179,648,146	\$ 1,165,020,735

At February 28, 2014, there were no transfers between Levels 1 and 2.

Schedule of Investments

AllianzGI Convertible & Income Fund

February 28, 2014 (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended February 28, 2014, was as follows:

	Beginning Balance 2/28/13	Purchases	Sales	Net Accrued Discounts (Premiums)	Net Realized Gain	Net Change in Unrealized Appreciation/ Depreciation	Transfers out into Level 3	Transfers of Level 3	Ending Balance 2/28/14
Investments in Securities Assets									
Convertible Preferred Stock:									
Automobiles	\$	\$15,495,131	\$	\$	\$	\$(1,692,608)	\$	\$	\$13,802,523
Commercial Banks		17,421,834				(1,486,496)			15,935,338
Communications Equipment	14,013,654		(14,266,416)		70,260	182,502			
Computers & Peripherals	11,138,123	13,019,681	(14,162,877)			2,990,659			12,985,586
Energy Equipment & Services		38,305,052				1,393,044			39,698,096
Household Durables		13,840,543				483,657			14,324,200
Insurance		13,596,003				1,045,247			14,641,250
Internet & Catalog Retail		13,104,825	(2,460,519)		458,282	3,889,848			14,992,436
Multiline Retail		17,840,398				(125,143)			17,715,255
Oil, Gas & Consumable Fuels		18,189,826							18,189,826
Pharmaceuticals		16,495,884				867,752			17,363,636
Totals	\$25,151,777	\$177,309,177	\$(30,889,812)	\$	\$528,542	\$7,548,462	\$	\$	\$179,648,146

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at February 28, 2014:

Ending Balance at 2/28/14	Valuation Technique Used	Unobservable Inputs	Input Values
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Investments in Securities

Assets

Convertible Preferred Stock	\$141,969,218	Third-Party Pricing Vendor	Single Broker Quote	\$23.88	\$1,083.66
	37,678,928	Original Cost	Historical Trade Price	\$62.19	\$95.15

Stock Conversion

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2014, was \$4,341,207. Net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statement of Operations.

Glossary:

REIT Real Estate Investment Trust

See accompanying Notes to Financial Statements | February 28, 2014 | Annual Report **15**

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014

Principal Amount (000s)		Value
Corporate Bonds & Notes 43.9%		
Aerospace & Defense 0.5%		
\$4,430	Erickson Air-Crane, Inc., 8.25%, 5/1/20 (a)(b)	\$4,717,950
Auto Components 0.9%		
3,320	Chassix, Inc., 9.25%, 8/1/18 (a)(b)	3,577,300
3,970	Goodyear Tire & Rubber Co., 8.25%, 8/15/20	4,456,325
		8,033,625
Auto Manufacturers 0.7%		
5,590	Chrysler Group LLC, 8.25%, 6/15/21	6,358,625
Commercial Services 3.9%		
3,000	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 9.75%, 3/15/20	3,495,000
8,535	Cenveo Corp., 11.50%, 5/15/17	8,470,987
4,295	DynCorp International, Inc., 10.375%, 7/1/17	4,509,750
6,345	Interactive Data Corp., 10.25%, 8/1/18	6,916,050
5,925	Monitronics International, Inc., 9.125%, 4/1/20	6,384,187
4,450	National Money Mart Co., 10.375%, 12/15/16	4,444,438
		34,220,412
Commercial Services & Supplies 0.8%		
4,355	United Rentals North America, Inc., 8.375%, 9/15/20	4,899,375
1,745	West Corp., 8.625%, 10/1/18	1,888,963
		6,788,338
Construction Materials 0.7%		
5,690	US Concrete, Inc., 8.50%, 12/1/18 (a)(b)	6,074,075
Consumer Finance 0.8%		
2,605	SLM Corp., 8.45%, 6/15/18	3,093,437
3,865	Springleaf Finance Corp., 8.25%, 10/1/23	4,338,463
		7,431,900
Distribution/Wholesale 0.9%		
6,430	HD Supply, Inc., 11.00%, 4/15/20	7,892,825
Diversified Consumer Services 0.6%		
5,270	Cambium Learning Group, Inc., 9.75%, 2/15/17	5,190,950
Diversified Financial Services 2.0%		
6,462	Affinion Investments LLC, 13.50%, 8/15/18 (a)(b)	6,397,083
	Community Choice Financial, Inc.,	
7,465	10.75%, 5/1/19	6,569,200
5,370	12.75%, 5/1/20 (a)(b)	4,873,275
		17,839,558

	Diversified Telecommunications 0.9%	
7,705	Cincinnati Bell, Inc., 8.75%, 3/15/18	8,083,023
	Electrical Components & Equipment 1.2%	
10,275	WireCo WorldGroup, Inc., 9.50%, 5/15/17	10,634,625
	Electronic Equipment, Instruments & Components 0.7%	
5,815	Kemet Corp., 10.50%, 5/1/18	6,105,750
	Energy Equipment & Services 1.0%	
8,005	Pioneer Drilling Co., 9.875%, 3/15/18	8,445,275
	Food & Staples Retailing 1.1%	
4,000	Rite Aid Corp., 10.25%, 10/15/19	4,455,000
5,000	US Foods, Inc., 8.50%, 6/30/19	5,425,000
		9,880,000

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

Principal Amount (000s)		Value
	Health Care Providers & Services 0.8%	
\$6,585	ExamWorks Group, Inc., 9.00%, 7/15/19	\$7,276,425
	Healthcare-Products 0.9%	
6,785	Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18	7,879,081
	Hotels, Restaurants & Leisure 1.8%	
6,880	DineEquity, Inc., 9.50%, 10/30/18	7,568,000
6,395	MGM Resorts International, 11.375%, 3/1/18	8,329,487
		15,897,487
	Household Durables 0.9%	
	Beazer Homes USA, Inc.,	
2,245	7.25%, 2/1/23	2,323,575
3,920	9.125%, 5/15/19	4,248,300
1,390	Jarden Corp., 7.50%, 5/1/17	1,605,450
		8,177,325
	Household Products/Wares 0.7%	
5,725	Reynolds Group Issuer, Inc., 9.875%, 8/15/19	6,483,563
	Internet Software & Services 1.1%	
	EarthLink, Inc.,	
2,200	7.375%, 6/1/20	2,310,000
7,590	8.875%, 5/15/19	7,684,875
		9,994,875
	Iron/Steel 0.6%	
5,600	AK Steel Corp., 8.375%, 4/1/22	5,586,000
	IT Services 0.2%	
1,985	Stream Global Services, Inc., 11.25%, 10/1/14	1,999,888
	Leisure Time 0.9%	
8,145	Travelport LLC, 11.875%, 9/1/16	8,399,531
	Lodging 0.6%	
9,455	Caesars Entertainment Operating Co., Inc., 12.75%, 4/15/18	5,342,075
	Machinery 0.7%	
5,495	Navistar International Corp., 8.25%, 11/1/21	5,762,881
	Media 2.7%	
5,500	AMC Entertainment, Inc., 9.75%, 12/1/20	6,373,125
6,645	McClatchy Co., 9.00%, 12/15/22	7,633,444
	McGraw-Hill Global Education Holdings LLC/McGraw-Hill Global Education	
6,280	Finance, 9.75%, 4/1/21 (a)(b)	6,986,500
2,850	Mood Media Corp., 9.25%, 10/15/20 (a)(b)	2,750,250
		23,743,319
	Metals & Mining 1.2%	

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5,050	ArcelorMittal, 10.35%, 6/1/19	6,445,062
3,975	Thompson Creek Metals Co., Inc., 7.375%, 6/1/18	3,736,500
		10,181,562
	Miscellaneous Manufacturing 0.7%	
6,291	Harland Clarke Holdings Corp., 9.50%, 5/15/15	6,295,089
	Oil & Gas 1.4%	
7,000	Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17	7,682,500
4,306	United Refining Co., 10.50%, 2/28/18	4,833,485
		12,515,985

February 28, 2014 | Annual Report 17

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

Principal Amount (000s)		Value
	Oil, Gas & Consumable Fuels 2.2%	
\$2,160	Arch Coal, Inc., 9.875%, 6/15/19	\$1,965,600
7,510	Endeavour International Corp., 12.00%, 3/1/18	7,397,350
4,550	EP Energy LLC/EP Energy Finance, Inc., 9.375%, 5/1/20	5,289,375
4,200	Laredo Petroleum, Inc., 9.50%, 2/15/19	4,672,500
		19,324,825
	Packaging & Containers 0.9%	
6,857	Tekni-Plex, Inc., 9.75%, 6/1/19 (a)(b)	7,885,550
	Paper & Forest Products 0.3%	
2,000	Louisiana-Pacific Corp., 7.50%, 6/1/20	2,230,000
	Retail 0.9%	
2,420	Neiman Marcus Group Ltd., Inc., 8.00%, 10/15/21 (a)(b)	2,607,550
5,890	Toys R Us, Inc., 10.375%, 8/15/17	5,139,025
		7,746,575
	Semiconductors & Semiconductor Equipment 1.0%	
1,950	Advanced Micro Devices, Inc., 8.125%, 12/15/17	2,049,937
5,545	Freescale Semiconductor, Inc., 10.75%, 8/1/20	6,473,788
		8,523,725
	Software 1.0%	
6,955	First Data Corp., 12.625%, 1/15/21	8,346,000
	Specialty Retail 0.9%	
3,140	Brown Shoe Co., Inc., 7.125%, 5/15/19	3,344,100
4,500	Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b)	4,758,750
		8,102,850
	Telecommunications 1.0%	
6,085	Consolidated Communications Finance Co., 10.875%, 6/1/20	7,089,025
3,860	NII Capital Corp., 8.875%, 12/15/19	1,737,000
		8,826,025
	Textiles, Apparel & Luxury Goods 0.7%	
6,000	Kate Spade & Co., 10.50%, 4/15/19	6,375,000
	Trading Companies & Distribution 0.7%	
5,710	Aircastle Ltd., 9.75%, 8/1/18	6,181,075
	Transportation 1.6%	
6,007	Quality Distribution LLC, 9.875%, 11/1/18	6,630,226
6,590	Swift Services Holdings, Inc., 10.00%, 11/15/18	7,290,188
		13,920,414
	Wireless Telecommunication Services 0.8%	
5,545	Sprint Communications, Inc., 11.50%, 11/15/21	7,458,025
	Total Corporate Bonds & Notes (cost-\$376,199,682)	388,152,081

Shares

Convertible Preferred Stock		36.4%
Aerospace & Defense		1.2%
162,230	United Technologies Corp., 7.50%, 8/1/15	10,783,428
Airlines		1.7%
296,875	Continental Airlines Finance Trust II, 6.00%, 11/15/30	14,871,597

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

Shares		Value
	Auto Components 0.5%	
56,200	Goodyear Tire & Rubber Co., 5.875%, 4/1/14	\$4,173,412
	Automobiles 1.2%	
287,190	The Goldman Sachs Group, Inc., 8.50%, 12/16/14 (General Motors) (c)	10,665,088
	Capital Markets 0.1%	
10,910	AMG Capital Trust I, 5.10%, 4/15/36	684,262
	Commercial Banks 4.3%	
7,455	Huntington Bancshares, Inc., 8.50%, (d)	9,467,850
246,820	The Goldman Sachs Group, Inc., 8.00%, 1/14/15 (Citigroup Inc.) (c)	12,419,982
13,570	Wells Fargo & Co., 7.50%, Ser. L (d)	15,985,460
		37,873,292
	Computers & Peripherals 1.1%	
416,800	JPMorgan Chase & Co., 7.50%, 3/24/14 (EMC Corp.) (c)	9,953,184
	Diversified Financial Services 1.4%	
10,530	Bank of America Corp., 7.25%, Ser. L (d)	12,141,511
	Diversified Telecommunication Services 0.1%	
19,665	Intelsat SA, 5.75%, 5/1/16	1,052,078
	Electric Utilities 2.1%	
354,460	PPL Corp., 8.75%, 5/1/14	18,779,291
	Energy Equipment & Services 3.4%	
240,590	Credit Suisse, 8.00%, 3/5/15 (Baker Hughes) (c)(g)	14,962,292
304,365	Wells Fargo & Co., 8.00%, 8/6/14 (Halliburton) (c)	15,565,226
		30,527,518
	Household Durables 2.6%	
115,810	Stanley Black & Decker, Inc., 6.25%, 11/17/16	12,380,089
287,590	Wells Fargo & Co., 8.00%, 6/20/14 (Lennar Corp.) (c)	11,014,697
		23,394,786
	Insurance 1.8%	
263,610	JPMorgan Chase & Co., 7.00%, 3/10/14 (American International Group, Inc.) (c)	11,203,425
148,125	MetLife, Inc., 5.00%, 3/26/14	4,383,019
		15,586,444
	IT Services 1.5%	
142,290	Unisys Corp., 6.25%, 3/1/14	13,197,398
	Metals & Mining 2.5%	
484,070	ArcelorMittal, 6.00%, 1/15/16	11,594,977
513,000	Cliffs Natural Resources, Inc., 7.00%, 2/1/16	10,147,140
		21,742,117
	Multiline Retail 1.6%	
247,500	The Goldman Sachs Group, Inc., 8.00%, 1/12/15 (Macy's) (c)	13,804,312
	Multi-Utilities 1.1%	
186,560	AES Trust III, 6.75%, 10/15/29	9,464,189

Oil, Gas & Consumable Fuels 3.0%

146,765	Credit Suisse, 8.00%, 3/5/15 (Occidental Petroleum Corp.) (c)(g)	13,964,690
10,900	Energy XXI Bermuda Ltd., 5.625%, (d)	2,929,375
94,905	PetroQuest Energy, Inc., 6.875%, (d)	3,140,767
60,000	SandRidge Energy, Inc., 8.50%, (d)	6,342,000
		26,376,832

Pharmaceuticals 1.5%

110,990	Bank of America Corp., 8.00%, 2/10/15 (Allergan Inc.) (c)	13,436,449
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Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

Shares		Value
	Real Estate Investment Trust 3.7%	
335,200	Alexandria Real Estate Equities, Inc., 7.00%, (d)	\$9,134,200
610,095	FelCor Lodging Trust, Inc., 1.95%, Ser. A (d)	14,965,630
159,235	Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (d)	8,917,160
		33,016,990
	Total Convertible Preferred Stock (cost-\$290,570,532)	321,524,178
Principal Amount (000s)		
	Convertible Bonds & Notes 18.5%	
	Aerospace & Defense 0.2%	
\$1,000	Alliant Techsystems, Inc., 3.00%, 8/15/24	1,766,250
	Biotechnology 0.3%	
4,065	Dendreon Corp., 2.875%, 1/15/16	3,003,019
	Capital Markets 2.2%	
8,165	Ares Capital Corp., 5.75%, 2/1/16	8,920,263
10,075	BGC Partners, Inc., 4.50%, 7/15/16	10,710,984
		19,631,247
	Commercial Services 1.9%	
15,600	Cenveo Corp., 7.00%, 5/15/17	16,896,750
	Construction Materials 0.8%	
5,850	Cemex S.A.B. de C.V., 4.875%, 3/15/15	7,268,625
	Health Care Providers & Services 0.7%	
5,743	HealthSouth Corp., 2.00%, 12/1/43	6,012,203
	Hotels, Restaurants & Leisure 2.2%	
6,935	MGM Resorts International, 4.25%, 4/15/15	10,705,906
9,175	Morgans Hotel Group Co., 2.375%, 10/15/14	9,083,250
		19,789,156
	Life Sciences Tools & Services 0.7%	
6,695	Sequenom, Inc., 5.00%, 10/1/17	5,920,891
	Machinery 3.6%	
3,515	Greenbrier Cos, Inc., 3.50%, 4/1/18	4,773,809
	Meritor, Inc.,	
9,545	4.625%, 3/1/26 (e)	9,974,525
4,325	7.875%, 3/1/26	6,679,422
8,665	Navistar International Corp., 3.00%, 10/15/14	8,757,066
900	Wabash National Corp., 3.375%, 5/1/18	1,253,812
		31,438,634
	Oil, Gas & Consumable Fuels 0.7%	
7,135	Endeavour International Corp., 5.50%, 7/15/16	5,743,675

	Real Estate Investment Trust 0.6%	
5,430	IAS Operating Partnership LP, 5.00%, 3/15/18 (a)(b)	5,243,344
	Semiconductors & Semiconductor Equipment 1.1%	
7,550	SunPower Corp., 4.75%, 4/15/14	9,546,031
	Software 1.4%	
4,835	Nuance Communications, Inc., 2.75%, 8/15/27	5,037,466
7,890	TeleCommunication Systems, Inc., 7.75%, 6/30/18	7,692,750
		12,730,216

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

Principal Amount (000s)		Value
	Thrfts & Mortgage Finance 0.7%	
\$4,965	MGIC Investment Corp., 5.00%, 5/1/17	\$5,809,050
	Tobacco 1.4%	
9,940	Vector Group Ltd., 2.50%, 1/15/19 (f)	12,761,469
	Total Convertible Bonds & Notes (cost-\$141,034,663)	163,560,560
	Short-Term Investment 1.2%	
	Time Deposit 1.2%	
11,005	Citibank-London, 0.03%, 3/3/14 (cost-\$11,004,866)	11,004,866
	Total Investments (cost-\$818,809,743) 100.0%	\$884,241,685

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 \$55,871,627, representing 6.3% 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. Unless otherwise indicated, these securities are not considered to be illiquid.
- (c) Securities exchangeable or convertible into securities of an entity different than the issuer or structured by the issuer to provide exposure to securities of an entity different than the issuer (synthetic convertible securities). Such entity is identified in the parenthetical.
- (d) Perpetual maturity. The date shown, if any, is the next call date.
- (e) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (f) 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.
- (g) Fair-Valued Securities with an aggregate value of \$28,926,982, representing 3.3% of total investments. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

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

	Level 1	Level 2	Level 3	Value at
	Quoted	Other Significant	Significant	Value at
	Prices	Observable	Unobservable	2/28/14
		Inputs	Inputs	
Investments in Securities Assets				
Corporate Bonds & Notes	\$	\$ 388,152,081	\$	\$ 388,152,081
Convertible Preferred Stock:				
Airlines		14,871,597		14,871,597
Automobiles			10,665,088	10,665,088
Capital Markets		684,262		684,262
Commercial Banks	25,453,310		12,419,982	37,873,292
Computers & Peripherals			9,953,184	9,953,184
Diversified Telecommunication Services		1,052,078		1,052,078
Energy Equipment & Services			30,527,518	30,527,518
Household Durables	12,380,089		11,014,697	23,394,786
Insurance	4,383,019		11,203,425	15,586,444
Metals & Mining	10,147,140	11,594,977		21,742,117
Multiline Retail			13,804,312	13,804,312
Oil, Gas & Consumable Fuels	6,342,000	6,070,142	13,964,690	26,376,832
Pharmaceuticals			13,436,449	13,436,449
All Other	101,556,219			101,556,219
Convertible Bonds & Notes		163,560,560		163,560,560
Short-Term Investment		11,004,866		11,004,866
Totals	\$ 160,261,777	\$ 596,990,563	\$ 126,989,345	\$ 884,241,685

At February 28, 2014, there were no transfers between Levels 1 and 2.

Schedule of Investments

AllianzGI Convertible & Income Fund II

February 28, 2014 (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended February 28, 2014, was as follows:

	Beginning Balance 2/28/13	Purchases	Sales	Accrued Discounts (Premiums)	Net Realized Gain	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3	Ending Balance 2/28/14
Investments in Securities	Assets								
Convertible Preferred Stock:									
Automobiles	\$	\$11,972,951	\$	\$	\$	\$(1,307,863)	\$	\$	\$10,665,088
Commercial Banks		13,578,555				(1,158,573)			12,419,982
Communications Equipment	10,664,871		(10,857,231)		53,470	138,890			
Computers & Peripherals	8,506,486	9,979,317	(10,817,502)			2,284,883			9,953,184
Energy Equipment & Services		29,454,291				1,073,227			30,527,518
Household Durables		10,642,786				371,911			11,014,697
Insurance		10,403,606				799,819			11,203,425
Multiline Retail		13,901,828				(97,516)			13,804,312
Oil, Gas & Consumable Fuels		13,964,690							13,964,690
Pharmaceuticals		12,764,960				671,489			13,436,449
Totals	\$19,171,357	\$126,662,984	\$(21,674,733)	\$	\$53,470	\$2,776,267	\$	\$	\$126,989,345

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at February 28, 2014:

	Ending Balance at 2/28/14	Valuation Technique Used	Unobservable Inputs	Input Values
Investments in Securities	Assets			
Convertible Preferred Stock	\$98,062,363	Third-Party Pricing Vendor	Single Broker Quote	\$23.88 \$121.06
	28,926,982	Original Cost		\$62.19 \$95.15

Historical
Trade Price

Stock Conversion

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2014, was \$326,362. Net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statement of Operations.

Glossary:

REIT Real Estate Investment Trust

See accompanying Notes to Financial Statements | February 28, 2014 | Annual Report **23**

Statements of Assets and Liabilities

AllianzGI Convertible & Income Funds

February 28, 2014

	Convertible & Income	Convertible & Income II
Assets:		
Investments, at value (cost-\$1,078,515,720 and \$818,809,743, respectively)	\$1,165,020,735	\$884,241,685
Receivable for investments sold	38,184,819	39,375,042
Dividends and interest receivable	16,929,763	13,238,016
Receivable for shares sold	1,303,337	
Prepaid expenses	104,795	111,818
Total Assets	1,221,543,449	936,966,561
Liabilities:		
Payable for investments purchased	44,435,581	28,926,982
Dividends payable to common and preferred shareholders	7,651,991	6,250,856
Investment management fees payable	616,737	478,016
Accrued expenses	442,078	199,154
Total Liabilities	53,146,387	35,855,008
Preferred Shares (\$0.00001 par value; \$25,000 liquidation preference per share applicable to an aggregate 14,280 and 10,960 shares issued and outstanding, respectively)	357,000,000	274,000,000
Net Assets Applicable to Common Shareholders	\$811,397,062	\$627,111,553
Composition of Net Assets Applicable to Common Shareholders:		
Common Shares:		
Par value (\$0.00001 per share)	\$855	\$735
Paid-in-capital in excess of par	1,151,577,203	962,871,004
Undistributed net investment income	11,776,819	5,014,386
Accumulated net realized loss	(438,462,830)	(406,206,514)
Net unrealized appreciation	86,505,015	65,431,942
Net Assets Applicable to Common Shareholders	\$811,397,062	\$627,111,553
Common Shares Issued and Outstanding	85,533,260	73,512,452
Net Asset Value Per Common Share	\$9.49	\$8.53

Statements of Operations

AllianzGI Convertible & Income Funds

February 28, 2014

	Convertible & Income	Convertible & Income II
Investment Income:		
Interest	\$58,345,309	\$44,391,615
Dividends	32,635,538	28,460,068
Consent fees	335,125	292,125
Total Investment Income	91,315,972	73,143,808
Expenses:		
Investment management	7,680,171	5,956,580
Auction agent	565,810	431,862
Excise tax	259,748	
Custodian and accounting agent	174,216	152,439
Audit and tax services	94,446	100,820
New York Stock Exchange listing	71,372	57,745
Shareholder communications	65,571	75,480
Trustees	54,318	43,173
Legal	34,458	29,075
Transfer agent	25,753	24,879
Insurance	23,276	18,796
Miscellaneous	11,627	30,151
Total Expenses	9,060,766	6,921,000
Less: Reimbursement from Investment Manager (see Note 3)	(97,051)	(97,051)
Net Expenses	8,963,715	6,823,949
Net Investment Income	82,352,257	66,319,859
Realized and Change in Unrealized Gain (Loss):		
Net realized gain on investments	38,399,174	26,482,017
Net change in unrealized appreciation/depreciation of investments	21,883,465	15,214,503
Net realized and change in unrealized gain	60,282,639	41,696,520
Net Increase in Net Assets Resulting from Investment Operations	142,634,896	108,016,379
Dividends on Preferred Shares from Net Investment Income	(462,676)	(355,107)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investments Operations	\$142,172,220	\$107,661,272

See accompanying Notes to Financial Statements | February 28, 2014 | Annual Report 25

Statement of Changes in Net Assets

AllianzGI Convertible & Income Fund

February 28, 2014

	Year ended February 28, 2014	Year ended February 28, 2013
Investment Operations:		
Net investment income	\$82,352,257	\$77,157,561
Net realized gain (loss)	38,399,174	(7,177,249)
Net change in unrealized appreciation/depreciation	21,883,465	22,355,537
Net increase in net assets resulting from investment operations	142,634,896	92,335,849
Dividends on Preferred Shares from Net Investment Income	(462,676)	