

AllianzGI Convertible & Income Fund II
Form N-Q
July 21, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS
OF REGISTERED MANAGEMENT INVESTMENT COMPANY

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 10019
(Address of principal executive offices) (Zip code)

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

Lawrence G. Altadonna

1633 Broadway,

New York, NY 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, 2015

Date of reporting period: May 31, 2014

Item 1. Schedule of Investments**AllianzGI Convertible & Income Fund II Schedule of Investments**

May 31, 2014 (unaudited)

Principal Amount (000s)		Value*
CORPORATE BONDS & NOTES 43.1%		
Advertising 0.5%		
\$4,350	Affinion Group, Inc., 7.875%, 12/15/18	\$ 4,002,000
Aerospace & Defense 0.5%		
250	Bombardier, Inc., 6.00%, 10/15/22 (a)(b)	254,687
4,430	Erickson, Inc., 8.25%, 5/1/20 (a)(b)	4,540,750
		4,795,437
Auto Components 0.9%		
3,320	Chassix, Inc., 9.25%, 8/1/18 (a)(b)	3,610,500
3,970	Goodyear Tire & Rubber Co., 8.25%, 8/15/20	4,406,700
		8,017,200
Auto Manufacturers 0.7%		
5,590	Chrysler Group LLC, 8.25%, 6/15/21	6,400,550
Commercial Services 3.1%		
3,000	Avis Budget Car Rental LLC/Avis Budget Finance, Inc., 9.75%, 3/15/20	3,420,000
8,535	Cenveo Corp., 11.50%, 5/15/17	8,577,675
4,295	DynCorp International, Inc., 10.375%, 7/1/17	4,515,119
5,925	Monitronics International, Inc., 9.125%, 4/1/20	6,339,750
4,450	National Money Mart Co., 10.375%, 12/15/16	4,666,937
		27,519,481
Commercial Services & Supplies 0.8%		
4,355	United Rentals North America, Inc., 8.375%, 9/15/20	4,834,050
1,745	West Corp., 8.625%, 10/1/18	1,854,063
		6,688,113
Construction Materials 0.7%		
5,690	US Concrete, Inc., 8.50%, 12/1/18 (a)(b)	6,187,875
Consumer Finance 0.8%		
2,605	SLM Corp., 8.45%, 6/15/18	3,072,272
3,865	Springleaf Finance Corp., 8.25%, 10/1/23	4,386,775
		7,459,047

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

Distribution/Wholesale 0.9%		
6,430	HD Supply, Inc., 11.00%, 4/15/20	7,635,625
Diversified Consumer Services 0.6%		
5,270	Cambium Learning Group, Inc., 9.75%, 2/15/17	5,401,750
Diversified Financial Services 1.9%		
6,462	Affinion Investments LLC, 13.50%, 8/15/18 (a)(b)	6,817,093
7,465	Community Choice Financial, Inc., 10.75%, 5/1/19	6,102,638
5,370	12.75%, 5/1/20 (a)(b)	4,497,375
		17,417,106
Diversified Telecommunications 0.9%		
7,705	Cincinnati Bell, Inc., 8.75%, 3/15/18	8,095,066
Electrical Components & Equipment 1.2%		
10,275	WireCo WorldGroup, Inc., 9.50%, 5/15/17	10,557,563
Electronic Equipment, Instruments & Components 1.3%		
5,815	Kemet Corp., 10.50%, 5/1/18	6,178,437
5,500	Viasystems, Inc., 7.875%, 5/1/19 (a)(b)	5,843,750
		12,022,187
Energy Equipment & Services 0.6%		
2,170	Hercules Offshore, Inc., 8.75%, 7/15/21 (a)(b)	2,332,750
3,103	Pioneer Drilling Co., 9.875%, 3/15/18	3,269,941
		5,602,691
Food & Staples Retailing 1.1%		
4,000	Rite Aid Corp., 10.25%, 10/15/19	4,355,000
5,000	US Foods, Inc., 8.50%, 6/30/19	5,372,500
		9,727,500
Health Care Providers & Services 0.8%		
6,585	ExamWorks Group, Inc., 9.00%, 7/15/19	7,194,112

AllianzGI Convertible & Income Fund II Schedule of Investments

May 31, 2014 (unaudited) (continued)

Principal Amount (000s)		Value*
Healthcare-Products 0.9%		
\$6,785	Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18	\$ 7,715,156
Hotels, Restaurants & Leisure 1.8%		
6,880	DineEquity, Inc., 9.50%, 10/30/18	7,456,200
6,395	MGM Resorts International, 11.375%, 3/1/18	8,281,525
		15,737,725
Household Durables 0.9%		
	Beazer Homes USA, Inc.,	
2,245	7.25%, 2/1/23	2,329,187
3,920	9.125%, 5/15/19	4,223,800
1,390	Jarden Corp., 7.50%, 5/1/17	1,588,075
		8,141,062
Household Products/Wares 0.7%		
5,725	Reynolds Group Issuer, Inc., 9.875%, 8/15/19	6,333,281
Internet Software & Services 1.1%		
	EarthLink, Inc.,	
2,200	7.375%, 6/1/20	2,312,750
7,590	8.875%, 5/15/19	7,571,025
		9,883,775
Iron/Steel 0.7%		
5,600	AK Steel Corp., 8.375%, 4/1/22	5,838,000
Leisure Time 0.9%		
8,145	Travelport LLC, 11.875%, 9/1/16	8,297,719
Lodging 0.5%		
9,455	Caesars Entertainment Operating Co., Inc., 12.75%, 4/15/18	4,680,225
Machinery 0.6%		
5,495	Navistar International Corp., 8.25%, 11/1/21	5,721,669
Media 3.0%		
5,500	AMC Entertainment, Inc., 9.75%, 12/1/20	6,325,000
6,645	McClatchy Co., 9.00%, 12/15/22	7,633,444
6,280	McGraw-Hill Global Education Holdings LLC/McGraw-Hill Global Education Finance, 10.00%, 4/1/21 (a)(b)	7,206,300
2,850	Mood Media Corp., 9.25%, 10/15/20 (a)(b)	2,622,000
2,979	SFX Entertainment, Inc., 9.625%, 2/1/19 (a)(b)	3,127,950

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

		26,914,694
Metals & Mining 1.7%		
5,050	ArcelorMittal, 10.35%, 6/1/19	6,426,125
	Thompson Creek Metals Co., Inc.,	
6,145	7.375%, 6/1/18	6,006,737
2,170	12.50%, 5/1/19	2,446,675
		14,879,537
Miscellaneous Manufacturing 0.3%		
2,900	Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b)	2,987,000
Oil & Gas 1.4%		
7,000	Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17	7,568,750
4,306	United Refining Co., 10.50%, 2/28/18	4,758,130
		12,326,880
Oil, Gas & Consumable Fuels 2.1%		
2,160	Arch Coal, Inc., 9.875%, 6/15/19	1,857,600
7,510	Endeavour International Corp., 12.00%, 3/1/18	7,284,700
4,550	EP Energy LLC/EP Energy Finance, Inc., 9.375%, 5/1/20	5,249,562
4,200	Laredo Petroleum, Inc., 9.50%, 2/15/19	4,641,000
		19,032,862
Packaging & Containers 0.7%		
5,903	Tekni-Plex, Inc., 9.75%, 6/1/19 (a)(b)	6,626,118
Paper & Forest Products 0.3%		
2,000	Louisiana-Pacific Corp., 7.50%, 6/1/20	2,220,000
Retail 1.3%		
5,785	Neiman Marcus Group Ltd., Inc., 8.00%, 10/15/21 (a)(b)	6,392,425
5,890	Toys R Us, Inc., 10.375%, 8/15/17	4,770,900
		11,163,325

AllianzGI Convertible & Income Fund II Schedule of Investments

May 31, 2014 (unaudited) (continued)

Principal Amount (000s)		Value*
Semiconductors & Semiconductor Equipment 0.9%		
\$1,950	Advanced Micro Devices, Inc., 8.125%, 12/15/17	\$ 2,049,938
5,545	Freescale Semiconductor, Inc., 10.75%, 8/1/20	6,328,231
		8,378,169
Software 1.7%		
	First Data Corp.,	
4,355	8.25%, 1/15/21 (a)(b)	4,746,950
2,175	10.625%, 6/15/21	2,503,969
6,955	12.625%, 1/15/21	8,380,775
		15,631,694
Specialty Retail 0.9%		
3,140	Brown Shoe Co., Inc., 7.125%, 5/15/19	3,324,538
4,500	Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b)	4,657,500
		7,982,038
Telecommunications 1.1%		
6,085	Consolidated Communications Finance Co., 10.875%, 6/1/20	7,096,631
3,475	NII International Telecom SCA, 11.375%, 8/15/19 (a)(b)	2,971,125
		10,067,756
Transportation 1.5%		
6,007	Quality Distribution LLC, 9.875%, 11/1/18	6,472,542
6,590	Swift Services Holdings, Inc., 10.00%, 11/15/18	7,174,863
		13,647,405
Wireless Telecommunication Services 0.8%		
5,545	Sprint Communications, Inc., 11.50%, 11/15/21	7,568,925
		386,498,318
Total Corporate Bonds & Notes (cost-\$375,022,650)		
Shares		
CONVERTIBLE PREFERRED STOCK 38.5%		
Aerospace & Defence 1.5%		
206,230	United Technologies Corp., 7.50%, 8/1/15	13,569,934
Airlines 1.7%		
296,875	Continental Airlines Finance Trust II, 6.00%, 11/15/30	14,973,633

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

Automobiles 1.5%		
378,190	The Goldman Sachs Group, Inc., 8.50%, 12/16/14 (General Motors) (c)	13,082,348
Commercial Banks 4.5%		
7,455	Huntington Baneshares, Inc., 8.50%, (d)	9,859,237
283,055	The Goldman Sachs Group, Inc., 8.00%, 1/14/15 (Citigroup Inc.) (c)	13,498,893
13,570	Wells Fargo & Co., 7.50%, Ser. L (d)	16,718,240
		40,076,370
Diversified Financial Services 1.4%		
10,530	Bank of America Corp., 7.25%, 4/30/14, Ser. L (d)	12,531,332
Diversified Telecommunication Services 0.1%		
19,665	Intelsat SA, 5.75%, 5/1/16	1,031,822
Electric Utilities 0.3%		
51,385	NextEra Energy, Inc., 5.799%, 9/1/16	2,907,363
Energy Equipment & Services 3.6%		
240,590	Credit Suisse, 8.00%, 3/5/15 (Baker Hughes) (c)	15,905,405
304,365	Wells Fargo & Co., 8.00%, 8/6/14 (Halliburton) (c)	16,645,722
		32,551,127
Health Care Providers & Services 1.5%		
257,800	JPMorgan Chase & Co., 8.00%, 5/5/15 (HCA Holdings, Inc.) (c)	13,346,306
Household Durables 2.8%		
128,815	Stanley Black & Decker, Inc., 6.25%, 11/17/16	14,656,571
287,590	Wells Fargo & Co., 8.00%, 6/20/14 (Lennar Corp.) (c)	10,405,006
		25,061,577
Insurance 0.5%		
148,125	MetLife, Inc., 5.00%, 10/8/14	4,377,094
Metals & Mining 2.2%		
484,070	ArcelorMittal, 6.00%, 1/15/16	11,360,542
513,000	Cliffs Natural Resources, Inc., 7.00%, 2/1/16	8,849,250
		20,209,792

AllianzGI Convertible & Income Fund II Schedule of Investments

May 31, 2014 (unaudited) (continued)

Shares		Value*
Multiline Retail 1.5%		
247,500	The Goldman Sachs Group, Inc., 8.00%, 1/12/15 (Macy's) (c)	\$ 13,698,135
Multi-Utilities 1.1%		
186,560	AES Trust III, 6.75%, 10/15/29	9,609,706
Oil, Gas & Consumable Fuels 3.1%		
146,765	Credit Suisse, 8.00%, 3/5/15 (Occidental Petroleum Corp.) (c)	14,092,375
10,900	Energy XXI Bermuda Ltd., 5.625%, (d)	2,832,298
94,905	PetroQuest Energy, Inc., 6.875%, (d)	4,196,585
60,000	SandRidge Energy, Inc., 8.50% (d)	6,615,000
		27,736,258
Pharmaceuticals 3.0%		
110,990	Bank of America Corp., 8.00%, 2/10/15 (Allergan, Inc.) (c)	15,036,925
253,015	JPMorgan Chase & Co., 8.00%, 4/30/15 (Mylan, Inc.) (c)	12,220,625
		27,257,550
Real Estate Investment Trust 5.2%		
335,200	Alexandria Real Estate Equities, Inc., 7.00%, (d)	9,516,328
610,095	FelCor Lodging Trust, Inc., 1.95%, Ser. A (d)	15,307,283
159,235	Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (d)	9,434,674
216,490	Weyerhaeuser Co., 6.375%, 7/1/16	12,694,974
		46,953,259
Real Estate Management & Development 0.1%		
38,995	Forestar Group, Inc., 6.00%, 12/15/16	932,370
Specialty Retail 1.4%		
10,000	Barnes & Noble, Inc., 7.75%, 8/18/21 (a)(b)	12,486,875
Technology Hardware, Storage & Peripherals 1.5%		
21,135	Bank of America Corp., 8.00%, 5/12/15 (Apple, Inc.) (c)	13,088,694
	Total Convertible Preferred Stock (cost-\$315,761,511)	345,481,545
Principal Amount (000s)		
CONVERTIBLE BONDS & NOTES 17.3%		
Biotechnology 0.3%		
\$ 4,065	Dendreon Corp., 2.875%, 1/15/16	3,028,425
Capital Markets 2.6%		

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

5,880	Ares Capital Corp., 5.75%, 2/1/16	6,313,650
10,075	BGC Partners, Inc., 4.50%, 7/15/16	10,799,141
6,370	Walter Investment Management Corp., 4.50%, 11/1/19	5,788,737
		22,901,528
	Commercial Services 1.9%	
15,600	Cenveo Corp., 7.00%, 5/15/17	16,633,500
	Construction Materials 0.8%	
5,850	Cemex S.A.B. de C.V., 4.875%, 3/15/15	7,389,281
	Hotels, Restaurants & Leisure 2.1%	
6,935	MGM Resorts International, 4.25%, 4/15/15	10,086,091
9,175	Morgans Hotel Group Co., 2.375%, 10/15/14	9,106,187
		19,192,278
	Insurance 0.3%	
3,035	HCI Group, Inc., 3.875%, 3/15/19 (a)(b)	2,784,613
	Life Sciences Tools & Services 0.7%	
6,265	Sequenom, Inc., 5.00%, 10/1/17	5,994,822
	Machinery 3.1%	
	Meritor, Inc.,	
9,545	4.625%, 3/1/26 (e)	10,326,497
4,325	7.875%, 3/1/26	7,160,578
8,665	Navistar International Corp., 3.00%, 10/15/14	8,724,572
900	Wabash National Corp., 3.375%, 5/1/18	1,248,750
		27,460,397

AllianzGI Convertible & Income Fund II Schedule of Investments

May 31, 2014 (unaudited) (continued)

Principal Amount (000s)		Value*
	Oil, Gas & Consumable Fuels 0.5%	
\$7,135	Endeavour International Corp., 5.50%, 7/15/16	\$ 4,281,000
	Personal Products 0.4%	
4,115	Herbalife Ltd., 2.00%, 8/15/19 (a)(b)	3,891,267
	Real Estate Investment Trust 0.6%	
5,430	IAS Operating Partnership LP, 5.00%, 3/15/18 (a)(b)	5,318,006
	Software 1.4%	
4,835	Nuance Communications, Inc., 2.75%, 8/15/27	4,992,138
7,890	TeleCommunication Systems, Inc., 7.75%, 6/30/18	7,771,650
		12,763,788
	Thriffs & Mortgage Finance 0.6%	
4,965	MGIC Investment Corp., 5.00%, 5/1/17	5,725,266
	Tobacco 1.9%	
	Vector Group Ltd., (f)	
4,335	1.75%, 4/15/20	4,500,272
9,035	2.50%, 1/15/19	12,063,351
		16,563,623
	Trading Companies & Distribution 0.1%	
910	Titan Machinery, Inc., 3.75%, 5/1/19	801,369
	Total Convertible Bonds & Notes (cost-\$138,053,730)	154,729,163
	SHORT-TERM INVESTMENT 1.1%	
	Time Deposit 1.1%	
9,542	The Bank of New York Mellon Corp., Grand Cayman, 0.03%, 6/2/14 (cost-\$9,542,219)	9,542,219
	Total Investments (cost-\$838,380,110) (g) 100.0%	\$ 896,251,245

Notes to Schedule of Investments:

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

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to Allianz Global Investors Fund Management LLC (the Investment Manager) and Allianz Global Investors U.S. LLC (the Sub-Adviser), an affiliate of the Investment Manager. The Fund's Valuation Committee was established by the Board to oversee the implementation of the Fund's valuation methods and to make fair value determinations on behalf of the Board, as instructed. The Sub-Adviser monitors the continued appropriateness of methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Adviser determines that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

Synthetic convertible securities are valued based on quotations obtained from unaffiliated brokers who are the principal market-makers in such securities. Such valuations are derived by the brokers from proprietary models which are generally based on readily available market information including valuations of the common stock underlying the synthetic security.

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

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

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$99,902,909, representing 11.1% 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. 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) At May 31, 2014, the cost basis of portfolio securities for federal income tax purposes was \$843,323,387. Gross unrealized appreciation was \$75,741,753; gross unrealized depreciation was \$22,813,895 and net unrealized appreciation was \$52,927,858. Differences between book and tax cost basis were attributable to wash sale loss deferrals and the differing treatment of bond premium amortization.

Fair Value Measurements

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

Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access

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

Level 3 valuations based on significant unobservable inputs (including the Sub-Adviser's or Valuation Committee's own assumptions and single broker's quote)

The valuation techniques used by the Fund to measure fair value during the three months ended May 31, 2014 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

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

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles.

Edgar Filing: AllianzGI Convertible & Income Fund II - Form N-Q

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

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

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

AllianzGI Convertible & Income Fund II Schedule of Investments

May 31, 2014 (unaudited) (continued)

A summary of the inputs used at May 31, 2014 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments for more detailed information on Investments in Securities):

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 5/31/14
Investments in Securities - Assets				
Corporate Bonds & Notes		\$ 386,498,318		\$ 386,498,318
Convertible Preferred Stock:				
Airlines		14,973,633		14,973,633
Automobiles			\$ 13,082,348	13,082,348
Commercial Banks	\$ 26,577,477		13,498,893	40,076,370
Diversified Telecommunication Services		1,031,822		1,031,822
Energy Equipment & Services			32,551,127	32,551,127
Health Care Providers & Services			13,346,306	13,346,306
Household Durables	14,656,571		10,405,006	25,061,577
Metals & Mining	8,849,250	11,360,542		20,209,792
Multiline Retail			13,698,135	13,698,135
Oil, Gas & Consumable Fuels	6,615,000	7,028,883	14,092,375	27,736,258
Pharmaceuticals			27,257,550	27,257,550
Technology Hardware, Storage & Peripherals			13,088,694	13,088,694
All Other	103,367,933			103,367,933
Convertible Bonds & Notes		154,729,163		154,729,163
Short-Term Investment		9,542,219		9,542,219
Totals	\$ 160,066,231	\$ 585,164,580	\$ 151,020,434	\$ 896,251,245

At May 31, 2014, there were no transfers between Levels 1 and 2.

AllianzGI Convertible & Income Fund II Schedule of Investments

May 31, 2014 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended May 31, 2014, was as follows:

	Beginning Balance 2/28/14	Purchases	Sales	Accrued Discounts (Premiums)	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3	Ending Balance 5/31/14
Investments in Securities - Assets									
Convertible Preferred Stock:									
Automobiles	\$ 10,665,088	\$ 3,291,221				\$ (873,961)			\$ 13,082,348
Commercial Banks	12,419,982	1,856,537				(777,626)			13,498,893
Computers & Peripherals	9,953,184		\$ (9,979,317)			26,133			
Energy Equipment & Services	30,527,518					2,023,609			32,551,127
Health Care Providers & Services		13,692,995				(346,689)			13,346,306
Household Durables	11,014,697					(609,691)			10,405,006
Insurance	11,203,425		(11,413,579)		\$ 1,009,973	(799,819)			
Multiline Retail	13,804,312					(106,177)			13,698,135
Oil, Gas & Consumable Fuels	13,964,690					127,685			14,092,375
Pharmaceuticals	13,436,449	12,679,088				1,142,013			27,257,550
Technology Hardware, Storage & Peripherals		12,677,337				411,357			13,088,694
Totals	\$ 126,989,345	\$ 44,197,178	\$ (21,392,896)		\$ 1,009,973	\$ 216,834			\$ 151,020,434

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 May 31, 2014:

	Ending Balance at 5/31/14	Valuation Technique Used	Unobservable Inputs	Input Values
Investments in Securities - Assets				
Convertible Preferred Stock	\$ 151,020,434	Third-Party Pricing Vendor	Single Broker Quote	\$ 34.592 - \$619.29

The net change in unrealized appreciation/depreciation of Level 3 investments held at May 31, 2014 was \$935,556.

Stock Conversion.

Glossary:

REIT Real Estate Investment Trust

Item 2. Controls and Procedures

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

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

Item 3. Exhibits

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

SIGNATURES

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

Registrant: AllianzGI Convertible & Income Fund II

By /s/ Julian Sluyters
Julian Sluyters,
President & Chief Executive Officer

Date: July 21, 2014

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

Date: July 21, 2014

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

By /s/ Julian Sluyters
Julian Sluyters, President & Chief Executive Officer

Date: July 21, 2014

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

Date: July 21, 2014