

AllianzGI Convertible & Income Fund II

Form N-CSR

April 30, 2019

**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: 811-21338**

**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)**

**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, 2019**

**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, 2019**

Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Funds' website ([us.allianzgi.com](http://us.allianzgi.com)), and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from a Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by enrolling at [us.allianzgi.com/edelivery](http://us.allianzgi.com/edelivery).

If you prefer to receive paper copies of your shareholder reports after January 1, 2021, direct investors may inform a Fund at any time. If you invest through a financial intermediary, you should contact your financial intermediary directly. Paper copies are provided free of charge and your election to receive reports in paper will apply to all funds held with the fund complex if you invest directly with a Fund or all funds held in your account if you invest through your financial intermediary.

**Table of Contents**

Table of Contents

2	<u>3 Letter from the President</u>
4	<u>6 Fund Insights</u>
7	<u>10 Performance &amp; Statistics</u>
11	<u>39 Schedules of Investments</u>
41	<u>Statements of Assets and Liabilities</u>
42	<u>Statements of Operations</u>
43	<u>45 Statements of Changes in Net Assets</u>
46	<u>Statements of Cash Flows</u>
47	<u>51 Financial Highlights</u>
52	<u>71 Notes to Financial Statements</u>
72	<u>73 Report of Independent Registered Public Accounting Firm</u>
74	<u>Tax Information</u>
75	<u>76 Annual Shareholder Meeting Results/Changes to Fund Officers and the Board of Trustees/Proxy Voting Policies &amp; Procedures</u>
77	<u>79 Privacy Policy</u>
80	<u>81 Dividend Reinvestment Plan</u>
82	<u>85 Board of Trustees</u>
86	<u>Fund Officers</u>

**Table of Contents**

Letter from the President

Thomas J. Fuccillo

*President & Chief Executive Officer*

Dear Shareholder:

The US economic expansion continued during the twelve-month fiscal reporting period ended February 28, 2019. In contrast, economic growth overseas weakened. Over this period, global equities generated mixed results. Meanwhile, the overall US bond market posted a modest gain during the period.

For the 12-month reporting period ended February 28, 2019

AllianzGI Convertible & Income 2024 Target Term Fund returned 4.96% on net asset value ( NAV ) and 3.72% on market price.

AllianzGI Convertible & Income Fund returned -2.42% on NAV and 2.00% on market price.

AllianzGI Convertible & Income Fund II returned -2.69% on NAV and 1.14% on market price.

During the twelve-month period ended February 28, 2019, the Standard & Poor's ( S&P ) 500 Index, an unmanaged index generally representative of the US stock market, returned 4.68% and the ICE BofA Merrill Lynch High Yield Master II Index, an unmanaged index generally representative of the high yield bond market, returned 4.26%. Convertible securities, which share characteristics of both stocks and bonds, generated even stronger results. The ICE BofA Merrill Lynch All Convertibles All Qualities Index, an unmanaged index generally representative of the convertible securities market, returned 8.33%.

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 2.2% annualized pace during the first quarter of 2018. Second quarter 2018 GDP then accelerated to an annual pace of 4.2%, the best reading since the third quarter of 2014. GDP grew at an annual pace of 3.4% during the third quarter of 2018. Finally, the Commerce Department's initial reading for fourth quarter 2018 GDP growth released after the reporting period ended was 2.6%.

After raising interest rates three times in 2017, the US Federal Reserve (the Fed ) again raised rates at its meetings in March, June, September and December of 2018. The last hike pushed the federal funds rate to a range between 2.25% and 2.50%. The Fed also continued to reduce the size of its balance sheet. At its January 2019 meeting, the Fed indicated that it expected to temper its monetary policy tightening in 2019, although this may change based on incoming economic data.

2 Annual Report | February 28, 2019

**Table of Contents**

**Outlook**

Last year was generally a challenging one for investors overall, with poor returns and renewed volatility giving global investors few places to hide, particularly as the year came to a close. The markets seem wary of the growing signs of economic fatigue around the world. Late-cycle fault lines have become more visible: in our view, corporate profit growth may have peaked, fiscal stimulus is waning and central banks are providing less liquidity.

Receive this report electronically and eliminate paper mailings.

To enroll, visit

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

We think economic growth around the world is getting patchier and the US is slowing down amid growing fears of a recession. Although the US economy has the potential to deteriorate in 2019, as signaled by a flatter yield curve and weaker housing market, a recession seems unlikely this year. Even if a recession were to happen, we think active investors will still be able to find opportunities by focusing on the fundamentals – including using proprietary research.

Given recent market conditions and concerns about a recession, it is understandable that investors may be nervous that this long but lackluster economic cycle is coming to an end. However, we do not believe it's finished just yet. So, despite market corrections and volatility, we believe investors should aim to benefit from the long-term power of compounding. In addition, we believe investors should look beyond the immediate news flow and political bluster and instead focus on balance-sheet strengths and other qualities that underpin the sustainability of investments.

On behalf of Allianz Global Investors U.S. LLC, thank you for investing with us. We encourage you to consult with your financial advisor and to visit our website, [us.allianzgi.com/closedendfunds](http://us.allianzgi.com/closedendfunds), for additional information. 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, 2019 (unaudited)

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

For the period of March 1, 2018 through February 28, 2019, as provided by Douglas G. Forsyth, CFA, Portfolio Manager.

For the twelve-month period ended February 28, 2019, the AllianzGI Convertible & Income 2024 Target Term Fund (the Fund ) returned 4.96% on net asset value ( NAV ) and 3.72% on market price.

### **Market Environment**

The convertible bond, high-yield bond, and senior secured loan markets produced positive returns over the twelve-month period.

Increased volatility in the fourth quarter of 2018 momentarily disrupted the upward trajectory of risk assets over the twelve month period. After a weak finish to the year the convertible bond, high-yield bond, and senior secured loan markets rebounded sharply in 2019. Factors aiding the recovery included United States and China trade progress, a dovish pivot by the US Federal Reserve ( Fed ) and better-than-feared fourth-quarter financial results.

Against this backdrop, corporate fundamentals continued to improve, with most US companies reporting better-than-expected financial results. In 2018, quarterly earnings growth on a year-over-year basis for the S&P 500 Index averaged more than 20%, according to FactSet Research. Additionally, high-yield credit fundamentals strengthened, continuing a multi-year trend.

The strength of the US economy was supportive of the markets and contrasted overseas slowing. US reports revealed solid growth

throughout the annual period with fourth-quarter GDP growth increasing 2.6% and topping expectations. Unemployment stayed low, industrial production increased and consumer spending was healthy. Not all data were positive; however, auto, housing and semiconductor reports confirmed further easing in these industries.

With the US economy growing above trend, the Fed continued to reduce its balance sheet and, as expected, raised the federal funds rate for a fourth time in 2018 and a ninth time this cycle to a range of 2.25% to 2.50%. The Fed's posture shifted in the new year, signaling a patient approach toward monetary policy adjustments and indicating balance sheet flexibility.

### **Portfolio Specifics**

The Fund benefited from exposure to convertibles, high-yield bonds and senior secured loans. In addition to providing a positive total return, the Fund also provided a high level of income over the reporting period.



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

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

In the high-yield bond sleeve, industry exposure that helped relative performance included energy, automotive, and healthcare. Conversely, the financial services, telecommunications, and chemicals industries hindered relative performance.

4 Annual Report | February 28, 2019

## **Table of Contents**

In the senior secured loan sleeve, the top contributing industries included consumer goods, technology & electronics, and retail. The top detracting industries were limited to food & drug retailers and building materials.

## **Outlook**

We believe the US economy and corporate earnings are projected to deliver continued growth in 2019. While some cyclical areas have exhibited weakness, we believe that the overall credit and fundamental profiles of risk assets remain healthy and we believe are not signaling an economic downturn.

We expect US economic activity to slow from above-trend growth to a moderate pace in 2019. Despite some headwinds, we believe that residual impacts of the tax cut, ongoing deregulation efforts and the potential for an infrastructure spending bill support a continuation of economic growth.

The Fed has communicated balance sheet flexibility and a patient approach toward future monetary policy adjustments.

After bottoming in the second quarter of 2016, corporate profits have accelerated through the third quarter of 2018. In 2019, the profit trajectory is still higher, in our view, growth could be less robust given high year-over-year comparisons, US dollar strength and trade uncertainty/tariffs.

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

For the period of March 1, 2018 through February 28, 2019, as provided by Douglas G. Forsyth, CFA, Portfolio Manager.

For the twelve-month period ended February 28, 2019, the AllianzGI Convertible & Income Fund returned -2.42% on net asset value ( NAV ) and 2.00% on market price.

For the twelve-month period ended February 28, 2019, the AllianzGI Convertible & Income Fund II returned -2.69% on NAV and 1.14% on market price.

## **Market Environment**

The convertible and high-yield bond markets produced positive returns over the twelve-month period ended February 28, 2019.

Increased volatility in the fourth quarter of 2018 momentarily disrupted the upward trajectory of risk assets over the twelve month period. After a weak finish to the year the convertible bond and high-yield bond markets rebounded sharply in 2019. Factors aiding the recovery included United States and China trade progress, a dovish pivot by the Fed and better-than-feared fourth-quarter financial results.

Against this backdrop, corporate fundamentals continued to improve, with most US companies reporting better-than-expected financial results. In 2018, quarterly earnings growth on a year-over-year basis for the S&P 500 Index averaged more than 20%, according to FactSet Research. Additionally, high-yield credit fundamentals strengthened, continuing a multi-year trend.

The strength of the US economy was supportive of the markets and contrasted overseas slowing. US reports revealed solid growth throughout the annual period with fourth-quarter GDP growth increasing 2.6% and topping expectations.

Unemployment stayed low, industrial production increased and consumer spending was healthy. Not all data were positive; however, auto, housing and semiconductor reports confirmed further easing in these industries.

With the US economy growing above trend, the Fed continued to reduce its balance sheet and, as expected, raised the federal funds rate for a fourth time in 2018 and a ninth time this cycle to a range of 2.25% to 2.50%. The Fed's posture shifted in the new year, signaling a patient approach toward monetary policy adjustments and indicating balance sheet flexibility.

### **Portfolio Specifics**

The AllianzGI Convertible & Income Fund and the AllianzGI Convertible & Income Fund II achieved their primary goal of providing income over the reporting period.

## **Table of Contents**

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

In the high yield sleeve, industries that aided relative performance were automotive, banking, and metals/mining ex-steel. In contrast, financial services, telecommunications, and media services hampered relative performance.

## **Outlook**

We believe the US economy and corporate earnings are projected to deliver continued growth in 2019. While some cyclical areas have exhibited weakness, we believe that the overall credit and fundamental profiles of risk assets remain healthy and we believe are not signaling an economic downturn.

We expect US economic activity to slow from above-trend growth to a moderate pace in 2019. Despite some headwinds, we believe that residual impacts of the tax cut, ongoing deregulation efforts and the potential for an infrastructure spending bill support a continuation of economic growth.

The Fed has communicated balance sheet flexibility and a patient approach toward future monetary policy adjustments.

After bottoming in the second quarter of 2016, corporate profits have accelerated through the third quarter of 2018. In 2019, the profit trajectory is still higher, in our view, growth could be less robust given high year-over-year comparisons, US dollar strength and trade uncertainty/tariffs.

**Table of Contents**

**Performance & Statistics**

AllianzGI Convertible & Income 2024 Target Term Fund

February 28, 2019 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	3.72%	4.96%
Commencement of Operations (6/30/17) to 2/28/19	-0.63%	4.71%

**Market Price/NAV Performance:**

Commencement of Operations (6/30/17) to 2/28/19

**Market Price/NAV:**

Market Price	\$9.00
NAV <sup>(2)</sup>	\$9.71
Discount to NAV	-7.31%
Market Price Yield <sup>(3)</sup>	6.13%
Leverage <sup>(4)</sup>	28.22%

**S&P Global Ratings\***

(as a % of total investments)

See Notes to Performance & Statistics on page 10.

February 28, 2019 | Annual Report 7

**Table of Contents**

**Performance & Statistics**

AllianzGI Convertible & Income Fund

February 28, 2019 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	2.00%	-2.42%
5 Year	2.46%	1.84%
10 Year	18.28%	15.42%
Commencement of Operations (3/31/03) to 2/28/19	7.35%	7.10%

**Market Price/NAV Performance:**

Commencement of Operations (3/31/03) to 2/28/19

**Market Price/NAV:**

Market Price	\$6.24
NAV <sup>(2)</sup>	\$5.61
Premium to NAV	11.23%
Market Price Yield <sup>(3)</sup>	8.09%
Leverage <sup>(5)</sup>	41.20%

**S&P Global Ratings\***

(as a % of total investments)

See Notes to Performance & Statistics on page 10.

8 Annual Report | February 28, 2019

**Table of Contents**

**Performance & Statistics**

AllianzGI Convertible & Income Fund II

February 28, 2019 (unaudited)

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>NAV</b>
1 Year	1.14%	-2.69%
5 Year	0.73%	1.90%
10 Year	17.91%	15.63%
Commencement of Operations (7/31/03) to 2/28/19	6.16%	6.13%

**Market Price/NAV Performance:**

Commencement of Operations (7/31/03) to 2/28/19

**Market Price/NAV:**

Market Price	\$5.44
NAV <sup>(2)</sup>	\$5.03
Premium to NAV	8.15%
Market Price Yield <sup>(3)</sup>	8.25%
Leverage <sup>(5)</sup>	41.68%

**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, 2019 (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. Bonds 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.

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 (declared March 1, 2019) monthly dividend per common share (comprised of net investment income) by the market price per common share at February 28, 2019.



(4) Represents amounts drawn under the liquidity facility ( Leverage ) outstanding, as a percentage of total managed assets as of February 28, 2019. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

(5) Represents Preferred Shares and amounts drawn under the liquidity facility ( Leverage ) outstanding, as a percentage of total managed assets as of February 28, 2019. Total managed assets refer to total assets (including assets attributable to Leverage) minus liabilities (other than liabilities representing Leverage).

**10** Annual Report | February 28, 2019

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019

Principal Amount (000s)		Value
<b>Convertible Bonds &amp; Notes 52.6%</b>		
<b>Biotechnology 3.5%</b>		
\$2,000	Acorda Therapeutics, Inc., 1.75%, 6/15/21 (g)	\$1,773,752
800	Intercept Pharmaceuticals, Inc., 3.25%, 7/1/23	752,049
3,000	Ligand Pharmaceuticals, Inc., 0.75%, 5/15/23 (a)(c)	2,585,493
1,040	PTC Therapeutics, Inc., 3.00%, 8/15/22	1,061,459
		6,172,753
<b>Building Materials 1.5%</b>		
3,000	Patrick Industries, Inc., 1.00%, 2/1/23 (a)(c)(g)	2,707,500
<b>Commercial Services 2.1%</b>		
1,500	Cardtronics, Inc., 1.00%, 12/1/20 (i)	1,444,604
2,500	Macquarie Infrastructure Corp., 2.00%, 10/1/23	2,212,500
		3,657,104
<b>Computers 1.1%</b>		
2,300	Western Digital Corp., 1.50%, 2/1/24 (a)(c)(i)	2,032,949
<b>Distribution/Wholesale 1.1%</b>		
2,000	Titan Machinery, Inc., 3.75%, 5/1/19	1,982,468
<b>Diversified Financial Services 2.7%</b>		
2,000	Encore Capital Europe Finance Ltd., 4.50%, 9/1/23	1,987,486
3,000	PRA Group, Inc., 3.00%, 8/1/20	2,880,012
		4,867,498
<b>Electrical Equipment 1.5%</b>		
3,215	SunPower Corp., 4.00%, 1/15/23 (i)	2,590,727
<b>Electronics 1.1%</b>		
2,000	OSI Systems, Inc., 1.25%, 9/1/22	2,030,000
<b>Energy-Alternate Sources 3.6%</b>		
1,000	Green Plains, Inc., 4.125%, 9/1/22 (g)	933,125
3,000	Pattern Energy Group, Inc., 4.00%, 7/15/20	2,992,725
2,500	Tesla Energy Operations, Inc., 1.625%, 11/1/19 (i)	2,380,020
		6,305,870
<b>Engineering &amp; Construction 1.6%</b>		
1,000	Dycom Industries, Inc., 0.75%, 9/15/21 (i)	927,611
2,000	Tutor Perini Corp., 2.875%, 6/15/21	1,941,122
		2,868,733
<b>Equity Real Estate Investment Trusts (REITs) 3.2%</b>		
1,500	PennyMac Corp., 5.375%, 5/1/20	1,490,186
2,750	Two Harbors Investment Corp., 6.25%, 1/15/22	2,767,685

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

1,500	Western Asset Mortgage Capital Corp., 6.75%, 10/1/22	1,425,321
		5,683,192
	<b>Insurance 1.3%</b>	
2,350	HCI Group, Inc., 4.25%, 3/1/37 (a)	2,326,824
	<b>Internet 4.4%</b>	
850	Boingo Wireless, Inc., 1.00%, 10/1/23 (a)(c)	749,236
3,000	FireEye, Inc., 1.625%, 6/1/35, Ser. B	2,788,806
1,500	Twitter, Inc., 1.00%, 9/15/21 (i)	1,396,026
3,000	Zillow Group, Inc., 1.50%, 7/1/23 (i)	2,855,412
		7,789,480

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **11**

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Investment Companies 4.6%</b>	
\$2,300	Goldman Sachs BDC, Inc., 4.50%, 4/1/22 (g)	\$2,269,210
	Prospect Capital Corp.,	
2,875	4.95%, 7/15/22	2,837,700
1,465	6.375%, 3/1/25	1,441,194
1,500	TPG Specialty Lending, Inc., 4.50%, 8/1/22	1,519,945
		8,068,049
	<b>Media 1.4%</b>	
3,000	DISH Network Corp., 2.375%, 3/15/24 (i)	2,497,383
	<b>Oil, Gas &amp; Consumable Fuels 5.1%</b>	
1,500	Ensco Jersey Finance Ltd., 3.00%, 1/31/24 (i)	1,212,193
2,000	Helix Energy Solutions Group, Inc., 4.25%, 5/1/22	1,975,880
3,425	Nabors Industries, Inc., 0.75%, 1/15/24	2,411,382
2,000	Oasis Petroleum, Inc., 2.625%, 9/15/23 (i)	1,869,962
1,650	PDC Energy, Inc., 1.125%, 9/15/21 (g)	1,553,237
		9,022,654
	<b>Pharmaceuticals 1.4%</b>	
2,000	Dermira, Inc., 3.00%, 5/15/22	1,568,750
1,000	Jazz Investments I Ltd., 1.50%, 8/15/24 (i)	968,310
		2,537,060
	<b>Retail 0.6%</b>	
1,000	RH, zero coupon, 6/15/23 (a)(c)(i)	1,015,716
	<b>Semiconductors 3.3%</b>	
1,000	Cypress Semiconductor Corp., 2.00%, 2/1/23	1,031,482
2,000	Inphi Corp., 0.75%, 9/1/21 (i)	2,091,250
1,750	Synaptics, Inc., 0.50%, 6/15/22	1,612,275
1,300	Veeco Instruments, Inc., 2.70%, 1/15/23 (g)(i)	1,107,829
		5,842,836
	<b>Software 3.3%</b>	
3,500	Avaya Holdings Corp., 2.25%, 6/15/23 (a)(c)	3,097,794
1,500	DocuSign, Inc., 0.50%, 9/15/23 (a)(c)(i)	1,605,000
1,000	Envestnet, Inc., 1.75%, 6/1/23 (a)(c)(i)	1,111,129
		5,813,923
	<b>Telecommunications 1.1%</b>	
750	GDS Holdings Ltd., 2.00%, 6/1/25 (a)(c)(i)	665,129
1,500	Infinera Corp., 2.125%, 9/1/24 (i)	1,265,625
		1,930,754

<b>Transportation 3.1%</b>		
2,500	Air Transport Services Group, Inc., 1.125%, 10/15/24 (i)	2,518,502
3,000	Echo Global Logistics, Inc., 2.50%, 5/1/20	2,992,740
		5,511,242
	Total Convertible Bonds & Notes (cost-\$94,980,696)	93,254,715
<b>Corporate Bonds &amp; Notes 50.4%</b>		
<b>Aerospace &amp; Defense 1.1%</b>		
2,000	TransDigm, Inc., 6.50%, 7/15/24 (i)	2,025,000
<b>Auto Components 0.7%</b>		
1,227	American Axle & Manufacturing, Inc., 6.625%, 10/15/22 (i)	1,259,209

12 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Building Materials 0.6%</b>	
\$1,000	Builders FirstSource, Inc., 5.625%, 9/1/24 (a)(c)	\$980,000
	<b>Chemicals 0.9%</b>	
1,500	Chemours Co., 6.625%, 5/15/23 (i)	1,561,950
	<b>Commercial Services 1.3%</b>	
1,500	Hertz Corp., 7.625%, 6/1/22 (a)(c)(i)	1,537,500
670	Laureate Education, Inc., 8.25%, 5/1/25 (a)(c)(i)	726,950
		2,264,450
	<b>Computers 0.9%</b>	
1,500	Dell International LLC, 7.125%, 6/15/24 (a)(c)(g)(i)	1,591,783
	<b>Diversified Financial Services 4.1%</b>	
2,134	CCF Holdings LLC, PIK 10.75%, 10.75% 12/15/23 (a)(c)(e)(f)	1,040,092
2,000	Community Choice Financial Issuer LLC, 9.00%, 6/15/23 (cost \$2,000,000; purchased 9/6/18 ) (a)(c)(h)	2,002,500
2,000	Navient Corp., 7.25%, 9/25/23 (i)	2,070,000
2,000	Springleaf Finance Corp., 8.25%, 10/1/23	2,217,500
		7,330,092
	<b>Electric Utilities 0.6%</b>	
1,000	NRG Energy, Inc., 6.25%, 5/1/24 (g)(i)	1,036,050
	<b>Engineering &amp; Construction 0.9%</b>	
1,500	AECOM, 5.875%, 10/15/24 (i)	1,577,100
	<b>Entertainment 1.8%</b>	
1,500	Cedar Fair L.P., 5.375%, 6/1/24	1,533,750
1,500	International Game Technology PLC, 6.50%, 2/15/25 (a)(c)	1,603,125
		3,136,875
	<b>Food &amp; Beverage 0.9%</b>	
1,570	Albertsons Cos. LLC, 6.625%, 6/15/24 (i)	1,577,850
	<b>Healthcare-Products 0.8%</b>	
1,500	Mallinckrodt International Finance S.A., 5.75%, 8/1/22 (a)(c)(i)	1,417,500
	<b>Healthcare-Services 3.8%</b>	
1,500	DaVita, Inc., 5.125%, 7/15/24 (i)	1,488,750
1,500	Encompass Health Corp., 5.75%, 11/1/24	1,521,075
1,500	HCA, Inc., 7.50%, 2/15/22	1,648,125
2,000	Tenet Healthcare Corp., 8.125%, 4/1/22 (i)	2,142,500
		6,800,450
	<b>Home Builders 0.2%</b>	
350	Lennar Corp., 5.875%, 11/15/24 (i)	368,813

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

	<b>Internet 0.9%</b>	
1,500	Netflix, Inc., 5.875%, 2/15/25 (i)	1,593,750
	<b>Lodging 1.1%</b>	
2,000	Wynn Las Vegas LLC, 5.50%, 3/1/25 (a)(c)(i)	1,998,100
	<b>Machinery-Construction &amp; Mining 1.1%</b>	
2,000	Terex Corp., 5.625%, 2/1/25 (a)(c)	1,947,500
	<b>Media 5.4%</b>	
1,500	CCO Holdings LLC, 5.75%, 1/15/24 (g)(i)	1,540,312
1,500	Clear Channel Worldwide Holdings, Inc., 9.25%, 2/15/24 (a)(c)	1,576,875
1,500	CSC Holdings LLC, 6.75%, 11/15/21 (i)	1,601,250

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **13**

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

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

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Media (continued)</b>	
	DISH DBS Corp. (i),	
\$2,000	5.875%, 7/15/22	\$1,917,500
1,000	6.75%, 6/1/21	1,025,000
2,000	Nexstar Broadcasting, Inc., 5.625%, 8/1/24 (a)(c)(i)	1,990,000
		9,650,937
	<b>Mining 4.1%</b>	
1,500	Alcoa Nederland Holding BV, 6.75%, 9/30/24 (a)(c)	1,591,875
2,000	Constellium NV, 6.625%, 3/1/25 (a)(c)(i)	2,020,000
2,000	Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(c)(i)	2,082,500
1,500	Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(c)	1,595,625
		7,290,000
	<b>Miscellaneous Manufacturing 1.0%</b>	
2,000	Koppers, Inc., 6.00%, 2/15/25 (a)(c)(i)	1,760,000
	<b>Oil, Gas &amp; Consumable Fuels 5.5%</b>	
2,000	Callon Petroleum Co., 6.125%, 10/1/24 (i)	2,025,000
1,500	Calumet Specialty Products Partners L.P., 6.50%, 4/15/21 (i)	1,395,000
1,500	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23 (i)	1,486,875
1,500	Chesapeake Energy Corp., 8.00%, 1/15/25 (i)	1,531,875
1,535	CVR Refining LLC, 6.50%, 11/1/22 (g)	1,573,375
280	Noble Holding International Ltd., 7.75%, 1/15/24 (i)	252,805
1,500	Oasis Petroleum, Inc., 6.875%, 3/15/22 (i)	1,501,875
		9,766,805
	<b>Paper &amp; Forest Products 1.2%</b>	
2,000	Mercer International, Inc., 7.375%, 1/15/25 (a)(c)	2,095,000
	<b>Pharmaceuticals 1.2%</b>	
2,000	Horizon Pharma USA, Inc., 6.625%, 5/1/23	2,070,000
	<b>Real Estate 1.1%</b>	
2,000	Kennedy-Wilson, Inc., 5.875%, 4/1/24	1,977,420
	<b>Retail 1.3%</b>	
2,000	Conn's, Inc., 7.25%, 7/15/22 (i)	1,890,000
85	Men's Wearhouse, Inc., 7.00%, 7/1/22 (i)	85,637
370	Party City Holdings, Inc., 6.625%, 8/1/26 (a)(c)	365,375
		2,341,012
	<b>Software 1.4%</b>	
1,500	Camelot Finance S.A., 7.875%, 10/15/24 (a)(c)(i)	1,573,515
1,000	Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(c)(i)	877,500



		2,451,015
	<b>Telecommunications 5.8%</b>	
2,000	CenturyLink, Inc., 7.50%, 4/1/24, Ser. Y (i)	2,120,625
2,000	Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(c)(i)	1,820,000
2,000	Consolidated Communications, Inc., 6.50%, 10/1/22 (i)	1,875,000
1,000	GTT Communications, Inc., 7.875%, 12/31/24 (a)(c)(i)	867,500
1,500	Hughes Satellite Systems Corp., 7.625%, 6/15/21 (i)	1,612,500
2,000	Sprint Corp., 7.125%, 6/15/24	2,071,460
		10,367,085
	<b>Transportation 0.7%</b>	
1,125	XPO Logistics, Inc., 6.50%, 6/15/22 (a)(c)(i)	1,148,906
	<b>Total Corporate Bonds &amp; Notes (cost-\$92,057,417)</b>	<b>89,384,652</b>

14 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
<b>Senior Loans (a)(b) 32.6%</b>		
<b>Aerospace &amp; Defense 0.8%</b>		
\$1,496	TransDigm, Inc., 1 mo. LIBOR + 2.500%, 4.993%, 6/9/23, 2018 Term Loan F	\$1,481,014
<b>Automobiles 0.5%</b>		
Winnebago Industries, Inc., 11/8/23, 2017 Term Loan B		
317	1 mo. LIBOR + 3.500%, 6.017%	312,940
599	3 mo. LIBOR + 3.500%, 6.267%	591,109
<b>Chemicals 0.5%</b>		
918	PQ Corporation, 3 mo. LIBOR + 2.500%, 5.244%, 2/8/25, 2018 Term Loan B	913,817
<b>Commercial Services &amp; Supplies 0.5%</b>		
Advanced Disposal Services, Inc., 1 Week LIBOR + 2.250%, 4.667%, 11/10/23, Term Loan B3		
945		946,024
<b>Communications Equipment 0.5%</b>		
919	Plantronics, Inc., 1 mo. LIBOR + 2.500%, 4.993%, 7/2/25, 2018 Term Loan B	916,776
<b>Computers 0.8%</b>		
Dell International LLC, 1 mo. LIBOR + 2.000%, 4.500%, 9/7/23, 2017 Term Loan B		
1,496		1,493,250
<b>Diversified Consumer Services 1.1%</b>		
1,563	Laureate Education, Inc., 1 mo. LIBOR + 3.500%, 4/26/24, 2017 Term Loan B (d)	1,567,352
ServiceMaster Company, 1 mo. LIBOR + 2.500%, 4.993%, 11/8/23, 2016 Term Loan B		
396		395,008
<b>Diversified Telecommunication Services 2.0%</b>		
1,496	CenturyLink, Inc., 1 mo. LIBOR + 2.750%, 5.243%, 1/31/25, 2017 Term Loan B	1,475,522
Intelsat Jackson Holdings S.A., 1 mo. LIBOR + 3.750, 6.229%, 11/27/23, 2017 Term Loan B3		
1,000		1,001,260
Sprint Communications, Inc., 1 mo. LIBOR + 2.500, 5.000%, 2/2/24, 1st Lien Term Loan B		
997		987,073
<b>Electrical Equipment 0.8%</b>		
Gates Global LLC, 1 mo. LIBOR + 2.750%, 5.243%, 4/1/24, 2017 USD Repriced Term Loan B		
1,494		1,491,429
<b>Entertainment 1.4%</b>		
1,500	Formula One, 1 mo. LIBOR + 2.500%, 4.993%, 2/1/24, 2018 USD Term Loan B3	1,473,750
Stars Group Holdings B.V., 3 mo. LIBOR + 3.500%, 6.303%, 7/10/25, 2018 USD Incremental Term Loan		
967		968,788

		2,442,538
	<b>Food &amp; Staples Retailing 0.6%</b>	
985	US Foods, Inc., 1 mo. LIBOR + 2.000%, 4.493%, 6/27/23, 2016 Term Loan B	980,909
	<b>Healthcare-Products 1.7%</b>	
675	Greatbatch Ltd., 1 mo. LIBOR + 3.000%, 5.51%, 10/27/22, 2017 1st Lien Term Loan B	675,829
1,473	Mallinckrodt International Finance S.A., 3 mo. LIBOR + 2.750%, 5.553%, 9/24/24, USD Term Loan B	1,416,497
985	Ortho-Clinical Diagnostics SA, 1 mo. LIBOR + 3.250%, 5.752%, 6/30/25, 2018 Term Loan B	977,012
		3,069,338

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **15**

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

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

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Hotels, Restaurants &amp; Leisure 4.4%</b>	
\$990	1011778 B.C. Unlimited Liability Company, 1 mo. LIBOR + 2.250%, 4.743%, 2/16/24, Term Loan B3	\$983,579
995	AP Gaming I, LLC, 1 mo. LIBOR + 3.500%, 5.993%, 2/15/24, 2018 Incremental Term Loan	994,981
915	Boyd Gaming Corporation, 1 Week LIBOR + 2.250%, 4.664%, 9/15/23, Term Loan B3	912,481
990	Golden Entertainment, Inc., 1 mo. LIBOR + 3.000%, 5.500%, 10/21/24, 2017 1st Lien Term Loan	985,050
985	Playa Resorts Holding B.V., 1 mo. LIBOR + 2.750%, 5.240%, 4/29/24, 2017 Term Loan B	965,729
796	Scientific Games International, Inc., 8/14/24, 2018 Term Loan B5	790,681
194	2 mo. LIBOR + 2.750%, 5.329%	192,269
997	1 mo. LIBOR + 2.750%, 5.243%	
997	SeaWorld Parks & Entertainment, Inc., 1 mo. LIBOR + 3.000%, 5.493%, 3/31/24, Term Loan B5	991,941
985	Travelport Finance (Luxembourg) S.a.r.l., 3 mo. LIBOR + 2.500%, 5.184%, 3/17/25, 2018 Term Loan B	985,727
		7,802,438
	<b>Internet 1.1%</b>	
985	Everi Payments, Inc., 1 mo. LIBOR + 3.000%, 5.493%, 5/9/24, Term Loan B	982,538
995	Go Daddy Operating Company, LLC, 1 mo. LIBOR + 2.250%, 4.743%, 2/15/24, 2017 Repriced Term Loan	994,327
		1,976,865
	<b>Internet Software &amp; Services 1.6%</b>	
747	Blucora, Inc., 1 mo. LIBOR + 3.000%, 5.493%, 5/22/24, 2017 Term Loan B	745,694
6	EIG Investors Corp., 2/9/23, 2018 1st Lien Term Loan	6,032
1,145	1 mo. LIBOR + 3.750%, 6.229%, 2/9/23	1,142,811
1,000	3 mo. LIBOR + 3.750%, 6.389%, 2/9/23	
	Match Group Inc., 2 mo. LIBOR + 2.500%, 5.090%, 11/16/22, 2017 Term Loan B	998,755
		2,893,292
	<b>IT Services 1.1%</b>	
923	First Data Corporation, 1 mo. LIBOR + 2.000%, 4.490%, 4/26/24, 2024 USD Term Loan	922,802
1,000	Xerox Business Services LLC, 1 mo. LIBOR + 2.500%, 4.993%, 12/7/23, USD Term Loan B	991,670

		1,914,472
	<b>Leisure Time 0.6%</b>	
995	Sabre GBLB, Inc., 1 mo. LIBOR + 2.000%, 4.493%, 2/22/24, 2018 Term Loan B	993,656
	<b>Lodging 0.9%</b>	
1,500	Caesars Resort Collection, LLC, 1 mo. LIBOR + 2.750%, 5.243%, 12/22/24, 2017 1st Lien Term Loan B	1,497,660
	<b>Machinery 2.3%</b>	
1,670	Gardner Denver, Inc., 1 mo. LIBOR + 2.750%, 5.243%, 7/30/24, 2017 USD Term Loan B	1,671,456
990	Harsco Corporation, 1 mo. LIBOR + 2.250%, 4.750%, 12/6/24, 2017 Term Loan B1	988,786
1,496	Navistar International Corporation, 1 mo. LIBOR + 3.500%, 6.020%, 11/6/24, 2017 1st Lien Term Loan B	1,494,980
		4,155,222

16 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Media 3.3%</b>	
\$932	Gray Television, Inc., 1 mo. LIBOR + 2.250%, 4.764%, 2/7/24, 2017 Term Loan B	\$928,361
	Lions Gate Capital Holdings LLC, 1 mo. LIBOR + 2.250%, 4.743%, 3/24/25, 2018	
993	Term Loan B	990,024
1,469	Meredith Corporation, 1 mo. LIBOR + 2.750%, 1/31/25, 2018 Term Loan B (d)	1,472,106
	Sinclair Television Group Inc., 1 mo. LIBOR + 2.250%, 4.75%, 1/3/24, Term Loan	
997	B2	995,376
	WideOpenWest Finance LLC, 1 mo. LIBOR + 3.250%, 5.731%, 8/18/23, 2017	
1,497	Term Loan B	1,478,292
		5,864,159
	<b>Pharmaceuticals 1.9%</b>	
	Endo International PLC, 1 mo. LIBOR + 4.250%, 6.750%, 4/29/24, 2017 Term	
1,494	Loan B	1,498,508
	HLF Financing S.a r.l., 1 mo. LIBOR + 3.250%, 5.743%, 8/18/25, 2018 Term Loan	
998	B	1,000,827
893	Lannett Company, Inc., 1 mo. LIBOR + 5.375%, 7.868%, 11/25/22, Term Loan B	827,199
		3,326,534
	<b>Road &amp; Rail 0.5%</b>	
868	YRC Worldwide, Inc., 3 mo. LIBOR + 8.500%, 11.244%, 7/24/22, 2017 Term Loan	852,348
	<b>Specialty Retail 2.5%</b>	
992	At Home Holding III Inc., 3 mo. LIBOR + 3.500%, 6.244%, 6/3/22, Term Loan	977,384
	Burlington Coat Factory Warehouse Corporation, 1 mo. LIBOR + 2.000%, 4.490%,	
861	11/17/24, 2017 Term Loan B5	858,917
	Men s Wearhouse, Inc., 1 mo. LIBOR + 3.250%, 5.759%, 4/9/25, 2018 Term Loan	
990	B2	987,525
639	National Vision, Inc., 1 mo. LIBOR + 2.500%, 4.993%, 11/20/24, 2017 Repriced	
	Term Loan	638,055
	Party City Holdings Inc., 1 mo. LIBOR + 2.500, 5.000%, 8/19/22, 2018 Term Loan	
992	B	991,351
		4,453,232
	<b>Telecommunications 0.6%</b>	
	SBA Senior Finance II LLC, 1 mo. LIBOR + 2.000%, 4.500%, 4/11/25, 2018 Term	
995	Loan B	987,030
	<b>Textiles, Apparel &amp; Luxury Goods 0.6%</b>	
1,129	G-III Apparel Group, Ltd., 1 mo. LIBOR + 5.250%, 7.750%, 12/1/22, Term Loan B	1,135,625
	Total Senior Loans (cost-\$57,859,772)	57,917,892

Shares

<b>Common Stock (e)(f)(h)(j)</b>		<b>0.0%</b>
<b>Banks</b>		<b>0.0%</b>
6,549	CCF Holdings LLC Class A (cost-\$0; purchased 12/18/18)	*
7,142	CCF Holdings LLC Class B (k) (cost-\$0; purchased 12/12/18)	1
<b>Total Common Stock (cost-\$0)</b>		<b>1</b>

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **17**

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Repurchase Agreements 3.0%</b>	
	State Street Bank and Trust Co., dated 2/28/19, 0.50%, due 3/1/19, proceeds \$5,273,073; collateralized by U.S. Treasury Notes, 2.50%, due 1/15/22, valued at \$5,383,402 including accrued \$5,273 interest (cost-\$5,273,000)	\$5,273,000
	<b>Total Investments (cost-\$250,170,885) 138.6%</b>	<b>245,830,260</b>
	Liabilities in excess of other assets (38.6)%	(68,511,104)
	<b>Net Assets 100.0%</b>	<b>\$177,319,156</b>

**Notes to Schedule of Investments:**

\* Actual amount rounds to less than \$1.

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$112,024,383, representing 63.2% 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, 2019.
- (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 \$51,779,667, representing 29.2% of net assets.
- (d) When-issued or delayed-delivery. To be settled/delivered after February 28, 2019.



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

- (e) Fair-Valued Securities with an aggregate value of \$1,040,093, representing 0.6% of net assets. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (f) Level 3 security. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (g) All or partial amount segregated for the benefit of the counterparty as collateral for long-term and short-term loan financing.
- (h) Restricted. The aggregate cost of such security is \$2,000,000. The aggregate value is \$2,002,501, representing 1.1% of net assets.
- (i) All or a portion of this security is on loan pursuant to the Liquidity Facility (see Note 8). The aggregate value of securities on loan is \$60,040,590.
- (j) Non-income producing.
- (k) Affiliated security. (See Note 9)
- (l) 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 2/28/19
<b>Investments in Securities Assets</b>				
Convertible Bonds & Notes	\$	\$93,254,715	\$	\$93,254,715
Corporate Bonds & Notes:				
Diversified Financial Services		6,290,000	1,040,092	7,330,092
All Other		82,054,560		82,054,560
Senior Loans		57,917,892		57,917,892
Common Stock			1	1
Repurchase Agreements		5,273,000		5,273,000
<b>Totals</b>	\$	\$ 244,790,167	\$ 1,040,093	\$ 245,830,260

18 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income 2024 Target Term Fund

February 28, 2019 (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended February 28, 2019, was as follows:

	Beginning Balance 2/28/18	Purchases	Sales	Accrued Discount (Premiums)	Net Realized Gain (Loss)
<b>Investments in Securities Assets</b>					
Corporate Bonds & Notes:					
Diversified Financial Services	\$	\$1,967,735	\$	\$4,956	\$
Common Stock:					
Banks					
<b>Totals</b>	\$	\$1,967,735	\$	\$4,956	\$

	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3	Ending Balance 2/28/19
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Diversified Financial Services	\$(932,599)	\$	\$	\$1,040,092
Common Stock:				
Banks	1			1
<b>Totals</b>	\$(932,598)	\$	\$	\$1,040,093

Issued via corporate actions.

The table above may include Level 3 investments that are valued by brokers or independent pricing services. The inputs for these investments are not readily available or cannot be reasonably estimated and are generally those inputs described in Note 1(b).

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, 2019:

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

	Ending Balance 2/28/19	Valuation Technique Used	Unobservable Inputs	Input Values (Range)
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Diversified Financial Services	\$1,040,092	Market and Company Comparables	Implied Price	\$48.74

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2019, was \$(932,598). Net change in unrealized appreciation/depreciation is reflected on the Statements of Operations.

**Glossary:**

LIBOR - London Inter-Bank Offered Rate

PIK - Payment-in-Kind

REIT - Real Estate Investment Trust

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **19**

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019

Principal Amount (000s)		Value
<b>Corporate Bonds &amp; Notes 37.3%</b>		
<b>Aerospace &amp; Defense 1.0%</b>		
\$6,975	TransDigm, Inc., 6.50%, 5/15/25	\$6,975,000
1,725	Triumph Group, Inc., 7.75%, 8/15/25 (m)	1,658,156
		8,633,156
<b>Auto Components 0.3%</b>		
2,445	Goodyear Tire & Rubber Co., 5.00%, 5/31/26 (m)	2,328,863
<b>Auto Manufacturers 1.1%</b>		
6,135	Navistar International Corp., 6.625%, 11/1/25 (a)(b)	6,356,044
3,110	Tesla, Inc., 5.30%, 8/15/25 (a)(b)	2,779,563
		9,135,607
<b>Chemicals 2.3%</b>		
7,500	Chemours Co., 6.625%, 5/15/23	7,809,750
4,790	Kraton Polymers LLC, 7.00%, 4/15/25 (a)(b)(m)	4,867,837
1,910	Olin Corp., 5.00%, 2/1/30	1,862,250
5,470	Tronox, Inc., 6.50%, 4/15/26 (a)(b)(m)	5,196,500
		19,736,337
<b>Commercial Services 1.0%</b>		
8,050	Cenveo Corp., 6.00%, 5/15/24, (cost-\$8,681,747; purchased 3/22/12) (a)(b)(d)(e)(g)(j)	442,750
2,540	Hertz Corp., 7.625%, 6/1/22 (a)(b)	2,603,500
3,465	Laureate Education, Inc., 8.25%, 5/1/25 (a)(b)	3,759,525
1,655	United Rentals North America, Inc., 5.50%, 7/15/25	1,696,375
		8,502,150
<b>Computers 1.5%</b>		
5,321	DynCorp International, Inc., PIK 1.50%, 11.875%, 11/30/20	5,480,284
7,180	Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b)(m)	7,144,100
		12,624,384
<b>Distribution/Wholesale 0.6%</b>		
5,380	H&E Equipment Services, Inc., 5.625%, 9/1/25	5,346,375
<b>Diversified Financial Services 3.3%</b>		
18,455	CCF Holdings LLC, PIK 10.75%, 10.75%, 12/15/23 (a)(b)(e)(g)	8,995,841
6,000	Community Choice Financial Issuer LLC, 9.00%, 6/15/23, (cost-\$6,000,000; purchased 9/6/18) (a)(b)(j)	6,007,500
4,405	Navient Corp., 7.25%, 9/25/23 (h)	4,559,175
4,935	Springleaf Finance Corp., 8.25%, 10/1/23	5,471,681
2,820	Travelport Corporate Finance PLC, 6.00%, 3/15/26 (a)(b)	3,006,825

		28,041,022
	<b>Electric Utilities 0.6%</b>	
4,920	NRG Energy, Inc., 6.25%, 5/1/24	5,097,366
	<b>Electrical Equipment 0.3%</b>	
2,260	Energizer Holdings, Inc., 7.75%, 1/15/27 (a)(b)(m)	2,415,375
	<b>Engineering &amp; Construction 0.9%</b>	
2,835	AECOM, 5.125%, 3/15/27	2,703,881
5,100	Tutor Perini Corp., 6.875%, 5/1/25 (a)(b)(m)	5,074,500
		7,778,381

20 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Entertainment 1.8%</b>	
\$4,990	AMC Entertainment Holdings, Inc., 6.125%, 5/15/27 (m)	\$4,497,237
4,000	Cedar Fair L.P., 5.375%, 6/1/24	4,090,000
3,275	Eldorado Resorts, Inc., 6.00%, 9/15/26 (a)(b)	3,348,688
1,975	International Game Technology PLC, 6.25%, 1/15/27 (a)(b)	2,060,172
1,015	Stars Group Holdings BV, 7.00%, 7/15/26 (a)(b)	1,041,197
		15,037,294
	<b>Food &amp; Beverage 0.2%</b>	
1,525	Albertsons Cos. LLC, 7.50%, 3/15/26 (a)(b)	1,578,375
	<b>Healthcare-Products 0.4%</b>	
3,595	Mallinckrodt International Finance S.A., 5.75%, 8/1/22 (a)(b)(m)	3,397,275
	<b>Healthcare-Services 2.3%</b>	
2,460	Centene Corp., 5.375%, 6/1/26 (a)(b)	2,558,400
2,835	Community Health Systems, Inc., 6.25%, 3/31/23	2,739,319
5,430	DaVita, Inc., 5.125%, 7/15/24	5,389,275
1,730	Encompass Health Corp., 5.75%, 11/1/24	1,754,306
3,800	HCA, Inc., 7.50%, 2/15/22 (m)	4,175,250
3,500	Tenet Healthcare Corp., 7.00%, 8/1/25 (m)	3,521,875
		20,138,425
	<b>Home Builders 0.3%</b>	
2,285	Beazer Homes USA, Inc., 8.75%, 3/15/22	2,379,256
	<b>Insurance 0.5%</b>	
4,390	Prudential Financial, Inc., 5.70%, 9/15/48 (converts to FRN on 9/15/28)	4,341,161
	<b>Internet 0.3%</b>	
2,800	Netflix, Inc., 5.875%, 2/15/25 (m)	2,975,000
	<b>Iron/Steel 0.3%</b>	
2,835	United States Steel Corp., 6.875%, 8/15/25 (m)	2,806,650
	<b>Lodging 0.5%</b>	
1,300	Wyndham Hotels & Resorts, Inc., 5.375%, 4/15/26 (a)(b)	1,321,645
2,975	Wynn Las Vegas LLC, 5.50%, 3/1/25 (a)(b)	2,972,174
		4,293,819
	<b>Machinery-Construction &amp; Mining 0.5%</b>	
4,695	Terex Corp., 5.625%, 2/1/25 (a)(b)	4,571,756
	<b>Media 2.1%</b>	
7,370	Cablevision Systems Corp., 8.00%, 4/15/20	7,740,711
3,035	CSC Holdings LLC, 7.75%, 7/15/25 (a)(b)(m)	3,247,450
3,740	Gray Television, Inc., 5.875%, 7/15/26 (a)(b)	3,786,750

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

4,671	LiveStyle, Inc., 9.625%, 2/1/19, (cost-\$4,667,935; purchased 5/7/14-2/26/15) (a)(b)(d)(e)(g)(j)(l)	5
2,810	Meredith Corp., 6.875%, 2/1/26 (c)(m)	2,916,218
		17,691,134
	<b>Metal Fabricate/Hardware 0.4%</b>	
3,830	Park-Ohio Industries, Inc., 6.625%, 4/15/27	3,782,125
	<b>Mining 1.4%</b>	
1,135	Alcoa Nederland Holding BV, 6.125%, 5/15/28 (a)(b)	1,164,794
4,405	Constellium NV, 6.625%, 3/1/25 (a)(b)(m)	4,449,050
2,485	Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(b)	2,587,506
3,950	Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(b)	4,201,813
		12,403,163

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **21**

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Miscellaneous Manufacturing 0.3%</b>	
\$2,945	Koppers, Inc., 6.00%, 2/15/25 (a)(b)	\$2,591,600
	<b>Oil, Gas &amp; Consumable Fuels 3.3%</b>	
2,700	Calumet Specialty Products Partners L.P., 6.50%, 4/15/21 (m)	2,511,000
1,900	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23 (h)(m)	1,883,375
3,265	Chesapeake Energy Corp., 8.00%, 1/15/25 (h)(m)	3,334,381
	EnSCO PLC,	
590	5.20%, 3/15/25	455,775
4,660	7.75%, 2/1/26	3,926,050
2,835	NGL Energy Partners L.P., 7.50%, 11/1/23	2,937,769
2,740	Noble Holding International Ltd., 7.75%, 1/15/24 (m)	2,473,877
4,895	Oasis Petroleum, Inc., 6.875%, 3/15/22	4,901,119
3,370	Transocean, Inc., 7.50%, 1/15/26 (a)(b)	3,268,900
2,285	USA Compression Partners L.P., 6.875%, 9/1/27 (a)(b)	2,333,556
		28,025,802
	<b>Paper &amp; Forest Products 0.2%</b>	
1,775	Mercer International, Inc., 7.375%, 1/15/25 (a)(b)	1,859,313
	<b>Pharmaceuticals 1.7%</b>	
1,610	Bausch Health Americas, Inc., 8.50%, 1/31/27 (a)(b)	1,671,381
	Bausch Health Cos., Inc. (a)(b),	
3,395	6.125%, 4/15/25 (m)	3,276,175
1,675	7.00%, 3/15/24	1,769,219
2,290	Endo Finance LLC, 5.375%, 1/15/23 (a)(b)	1,912,150
5,865	Horizon Pharma USA, Inc., 6.625%, 5/1/23	6,070,275
		14,699,200
	<b>Pipelines 0.5%</b>	
2,310	Energy Transfer L.P., 5.50%, 6/1/27	2,431,275
	Targa Resources Partners L.P. (a)(b),	
980	6.50%, 7/15/27 (h)	1,038,800
1,070	6.875%, 1/15/29	1,141,556
		4,611,631
	<b>Real Estate 0.6%</b>	
5,505	Kennedy-Wilson, Inc., 5.875%, 4/1/24	5,442,849
	<b>Retail 1.0%</b>	
6,480	Conn's, Inc., 7.25%, 7/15/22	6,123,600
1,530	L Brands, Inc., 6.875%, 11/1/35	1,327,275
1,315	Party City Holdings, Inc., 6.625%, 8/1/26 (a)(b)	1,298,563



		8,749,438
	<b>Semiconductors 0.5%</b>	
4,645	Amkor Technology, Inc., 6.375%, 10/1/22	4,691,450
	<b>Software 0.7%</b>	
5,035	Camelot Finance S.A., 7.875%, 10/15/24 (a)(b)	5,281,765
895	Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(b)(m)	785,363
		6,067,128
	<b>Telecommunications 4.3%</b>	
2,265	CenturyLink, Inc., 7.50%, 4/1/24, Ser. Y (m)	2,401,608
4,080	Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(b)(m)	3,712,800
9,370	Consolidated Communications, Inc., 6.50%, 10/1/22	8,784,375

22 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Telecommunications (continued)</b>	
\$4,290	Frontier Communications Corp., 10.50%, 9/15/22	\$3,088,800
2,685	GTT Communications, Inc., 7.875%, 12/31/24 (a)(b)(m)	2,329,237
	Hughes Satellite Systems Corp.,	
1,460	6.625%, 8/1/26 (h)	1,439,925
4,250	7.625%, 6/15/21	4,568,750
7,205	Sprint Communications, Inc., 11.50%, 11/15/21	8,428,409
1,865	Sprint Corp., 7.625%, 3/1/26	1,939,600
		36,693,504
	<b>Transportation 0.3%</b>	
2,688	XPO Logistics, Inc., 6.50%, 6/15/22 (a)(b)	2,745,120
	Total Corporate Bonds & Notes (cost-\$344,845,016)	321,211,484
	<b>Convertible Bonds &amp; Notes 34.5%</b>	
	<b>Agriculture 0.7%</b>	
5,665	Vector Group Ltd., 3 mo. Cash Dividends on Common Stock + 1.75%, 1.75%, 4/15/20 (i)	5,785,381
	<b>Apparel &amp; Textiles 0.8%</b>	
14,740	Iconix Brand Group, Inc., 5.75%, 8/15/23	6,620,987
	<b>Auto Manufacturers 0.7%</b>	
6,225	Navistar International Corp., 4.75%, 4/15/19	6,237,394
	<b>Biotechnology 1.2%</b>	
9,625	Intercept Pharmaceuticals, Inc., 3.25%, 7/1/23	9,048,087
1,785	Verastem, Inc., 5.00%, 11/1/48 (h)	1,419,405
		10,467,492
	<b>Building Materials 1.4%</b>	
4,275	Cemex S.A.B de C.V., 3.72%, 3/15/20 (m)	4,255,190
8,820	Patrick Industries, Inc., 1.00%, 2/1/23 (a)(b)	7,960,050
		12,215,240
	<b>Chemicals 0.7%</b>	
10,275	Aceto Corp., 2.00%, 11/1/20 (d)	5,702,625
	<b>Commercial Services 1.8%</b>	
10,530	Huron Consulting Group, Inc., 1.25%, 10/1/19	10,358,287
5,690	Macquarie Infrastructure Corp., 2.00%, 10/1/23	5,035,650
		15,393,937
	<b>Computers 1.2%</b>	
11,735	Western Digital Corp., 1.50%, 2/1/24 (a)(b)	10,372,461
	<b>Distribution/Wholesale 0.8%</b>	

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

6,600	Titan Machinery, Inc., 3.75%, 5/1/19	6,542,144
	<b>Diversified Financial Services 2.4%</b>	
9,320	Encore Capital Group, Inc., 3.00%, 7/1/20	9,214,852
12,165	PRA Group, Inc., 3.00%, 8/1/20	11,678,448
		20,893,300
	<b>Electrical Equipment 1.2%</b>	
	SunPower Corp.,	
3,135	0.875%, 6/1/21	2,445,259
9,405	4.00%, 1/15/23	7,578,784
		10,024,043
	<b>Electronics 0.9%</b>	
7,890	OSI Systems, Inc., 1.25%, 9/1/22	8,008,350

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report 23

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Energy-Alternate Sources 2.9%</b>	
\$1,995	Green Plains, Inc., 4.125%, 9/1/22	\$1,861,584
6,840	Pattern Energy Group, Inc., 4.00%, 7/15/20	6,823,413
16,800	Tesla Energy Operations, Inc., 1.625%, 11/1/19	15,993,735
		24,678,732
	<b>Engineering &amp; Construction 0.6%</b>	
5,455	Tutor Perini Corp., 2.875%, 6/15/21	5,294,410
	<b>Equity Real Estate Investment Trusts (REITs) 1.3%</b>	
3,975	Two Harbors Investment Corp., 6.25%, 1/15/22	4,000,563
7,690	Western Asset Mortgage Capital Corp., 6.75%, 10/1/22	7,307,146
		11,307,709
	<b>Insurance 2.4%</b>	
11,390	AXA S.A., 7.25%, 5/15/21 (a)(b)	10,940,061
7,945	MGIC Investment Corp., 9.00%, 4/1/63 (a)(b)	10,222,656
		21,162,717
	<b>Investment Companies 1.1%</b>	
9,525	Prospect Capital Corp., 6.375%, 3/1/25	9,370,219
	<b>Oil, Gas &amp; Consumable Fuels 2.2%</b>	
6,540	Chesapeake Energy Corp., 5.50%, 9/15/26	6,006,506
2,560	EnSCO Jersey Finance Ltd., 3.00%, 1/31/24 (m)	2,068,810
2,280	Nabors Industries, Inc., 0.75%, 1/15/24	1,605,241
9,980	Whiting Petroleum Corp., 1.25%, 4/1/20	9,607,976
		19,288,533
	<b>Pharmaceuticals 2.1%</b>	
12,190	Dermira, Inc., 3.00%, 5/15/22	9,561,531
9,855	Tilray, Inc., 5.00%, 10/1/23 (a)(b)	8,530,735
		18,092,266
	<b>Pipelines 2.2%</b>	
24,750	Cheniere Energy, Inc., 4.25%, 3/15/45	18,949,219
	<b>Semiconductors 0.4%</b>	
3,935	Veeco Instruments, Inc., 2.70%, 1/15/23	3,353,313
	<b>Software 3.1%</b>	
5,800	Avaya Holdings Corp., 2.25%, 6/15/23 (a)(b)	5,133,487
15,785	Avid Technology, Inc., 2.00%, 6/15/20	14,364,350
2,820	DocuSign, Inc., 0.50%, 9/15/23 (a)(b)	3,017,400
3,985	Synchronoss Technologies, Inc., 0.75%, 8/15/19	3,934,713
		26,449,950

<b>Telecommunications 1.5%</b>		
7,715	GDS Holdings Ltd., 2.00%, 6/1/25 (a)(b)	6,841,955
7,345	Infinera Corp., 2.125%, 9/1/24	6,197,344
		13,039,299
<b>Transportation 0.9%</b>		
4,560	Echo Global Logistics, Inc., 2.50%, 5/1/20	4,548,965
4,725	Teekay Corp., 5.00%, 1/15/23 (a)(b)	3,561,469
		8,110,434
	Total Convertible Bonds & Notes (cost-\$306,806,521)	297,360,155

24 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

Shares		Value
<b>Convertible Preferred Stock 24.3%</b>		
<b>Banks 4.3%</b>		
12,080	Bank of America Corp., 7.25%, Ser. L (f)	\$15,655,680
16,980	Wells Fargo & Co., 7.50%, Ser. L (f)	21,785,340
		37,441,020
<b>Chemicals 0.9%</b>		
84,135	International Flavors & Fragrances, Inc., 6.00%, 9/15/21	4,201,702
34,310	Rayonier Advanced Materials, Inc., 8.00%, 8/15/19, Ser. A	3,482,122
		7,683,824
<b>Diversified Financial Services 0.9%</b>		
154,835	AMG Capital Trust II, 5.15%, 10/15/37	7,914,964
<b>Electric Utilities 4.8%</b>		
110,160	CenterPoint Energy, Inc., 7.00%, 9/1/21, Ser. B (m)	5,756,962
202,705	Dominion Energy, Inc., 6.75%, 8/15/19, Ser. A	9,985,248
147,670	NextEra Energy, Inc., 6.123%, 9/1/19	8,981,289
160,380	Sempra Energy, 6.00%, 1/15/21, Ser. A	16,634,614
		41,358,113
<b>Electronic Equipment, Instruments &amp; Components 1.0%</b>		
101,585	Belden, Inc., 6.75%, 7/15/19	8,486,411
<b>Electronics 1.2%</b>		
10,110	Fortive Corp., 5.00%, 7/1/21, Ser. A	10,521,349
<b>Equity Real Estate Investment Trusts (REITs) 3.9%</b>		
10,320	Crown Castle International Corp., 6.875%, 8/1/20, Ser. A	11,463,764
56,955	QTS Realty Trust, Inc., 6.50%, Ser. B (f)	5,974,010
631,070	RLJ Lodging Trust, 1.95%, Ser. A (f)	15,820,925
		33,258,699
<b>Gas Utilities 0.3%</b>		
59,320	South Jersey Industries, Inc., 7.25%, 4/15/21	2,877,020
<b>Hand/Machine Tools 1.3%</b>		
113,405	Stanley Black & Decker, Inc., 5.375%, 5/15/20	11,013,893
<b>Healthcare-Products 2.2%</b>		
283,925	Becton Dickinson and Co., 6.125%, 5/1/20, Ser. A	17,553,663
1,295	Danaher Corp., 4.75%, 4/15/22, Ser. A	1,325,698
		18,879,361
<b>Insurance 2.0%</b>		
158,570	Assurant, Inc., 6.50%, 3/15/21, Ser. D	17,290,473
<b>Oil, Gas &amp; Consumable Fuels 0.2%</b>		
67,960	Nabors Industries Ltd., 6.00%, 5/1/21	1,737,737
<b>Real Estate 1.3%</b>		

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

410,065	Ready Capital Corp., 7.00%, 8/15/23 (m)	10,768,307
	<b>Total Convertible Preferred Stock (cost-\$196,679,045)</b>	<b>209,231,171</b>
	<b>Preferred Stock (a)(e)(g)(l) 1.0%</b>	
	<b>Media 1.0%</b>	
3,554	LiveStyle, Inc., Ser. A	483,522
76,572	LiveStyle, Inc., Ser. B (k)	7,657,200
6,750	LiveStyle, Inc., Ser. B (k)	67
	<b>Total Preferred Stock (cost-\$14,596,967)</b>	<b>8,140,789</b>

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **25**

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

Shares		Value
<b>Common Stock (e)(g)(k) 0.1%</b>		
<b>Advertising 0.1%</b>		
173,720	Affinion Group Holdings, Inc. Class A, (cost-\$3,080,312; purchased 11/9/15-11/12/15) (j)	\$913,767
<b>Aerospace &amp; Defense 0.0%</b>		
8,295	Erickson, Inc. (a)	214,509
<b>Banks 0.0%</b>		
56,642	CCF Holdings LLC Class A (j) (cost-\$0; purchased 12/18/18)	6
21,429	CCF Holdings LLC Class B (n)(j) (cost-\$0; purchased 12/12/18)	2
		8
<b>Media 0.0%</b>		
90,407	LiveStyle, Inc. (a)(l)	9
Total Common Stock (cost-\$10,187,309)		1,128,293
<b>Units</b>		
<b>Warrants 0.0%</b>		
<b>Media 0.0%</b>		
19,500	LiveStyle, Inc., expires 11/30/21, Ser. C (a)(e)(g)(k)(l) (cost-\$0)	2
<b>Principal Amount (000s)</b>		
<b>Repurchase Agreements 2.8%</b>		
\$24,494	State Street Bank and Trust Co., dated 2/28/19, 0.50%, due 3/1/19, proceeds \$24,494,340; collateralized by U.S. Treasury Notes, 2.50%, due 1/15/22, valued at \$24,985,407 including accrued interest (cost-\$24,494,000)	24,494,000
<b>Total Investments (cost-\$897,608,858) 100.0%</b>		<b>861,565,894</b>
Liabilities in excess of other assets		(35,643,212)
Preferred Shares		(323,275,000)
<b>Net Assets Applicable to Common Shareholders</b>		<b>\$502,647,682</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 \$212,887,991, representing 24.7% 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 \$204,532,682, representing 23.7% of total investments.

- (c) When-issued or delayed-delivery. To be settled/delivered after February 28, 2019.
- (d) In default.
- (e) Fair-Valued Securities with an aggregate value of \$18,707,680, representing 2.2% of total investments. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (f) Perpetual maturity. The date shown, if any, is the next call date.
- (g) Level 3 security. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (h) All or partial amount segregated for the benefit of the counterparty as collateral for liquidity facility.
- (i) 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.
- (j) Restricted. The aggregate cost of such securities is \$22,429,994. The aggregate value is \$7,364,030, representing 0.9% of total investments.

**26** Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

(k) Non-income producing.

(l) 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 1.0% of total investments.

(m) All or a portion of this security is on loan pursuant to the Liquidity Facility (see Note 8). The aggregate value of securities on loan is \$24,675,414.

(n) Affiliated security. (See Note 9)

(o) 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 2/28/19
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Commercial Services	\$	\$8,059,400	\$442,750	\$8,502,150
Diversified Financial Services		19,045,181	8,995,841	28,041,022
Media		17,691,129	5	17,691,134
All Other		266,977,178		266,977,178
Convertible Bonds & Notes		297,360,155		297,360,155
Convertible Preferred Stock:				
Diversified Financial Services		7,914,964		7,914,964
Electronics		10,521,349		10,521,349
Equity Real Estate Investment Trusts (REITs)	21,794,935	11,463,764		33,258,699
Gas Utilities		2,877,020		2,877,020
Hand/Machine Tools		11,013,893		11,013,893
Healthcare-Products	1,325,698	17,553,663		18,879,361

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

All Other	124,765,885			124,765,885
Preferred Stock			8,140,789	8,140,789
Common Stock			1,128,293	1,128,293
Warrants			2	2
Repurchase Agreements		24,494,000		24,494,000
<b>Totals</b>	\$ 147,886,518	\$ 694,971,696	\$ 18,707,680	\$ 861,565,894

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended February 28, 2019, was as follows:

	Beginning Balance 2/28/18	Purchases	Sales	Accrued Discount (Premiums)	Net Realized Gain (Loss)
<b>Investments in Securities Assets</b>					
Corporate Bonds & Notes:					
Commercial Services	\$	\$	\$	\$	\$
Diversified Financial Services		17,756,756		21,298	
Media					
Preferred Stock:					
Media	8,491,167		(650,957)		173,359
Common Stock:					
Advertising	2,630,121				
Aerospace & Defense	260,380				
Banks					
Media	9				
Warrants:					
Commercial Services	361				(246,984)
Media	2				
<b>Totals</b>	\$ 11,382,040	\$ 17,756,756	\$ (650,957)	\$ 21,298	\$ (73,625)

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report 27

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

AllianzGI Convertible &amp; Income Fund

February 28, 2019 (continued)

	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3	Ending Balance 2/28/19
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Commercial Services	\$	\$442,750*	\$	\$442,750
Diversified Financial Services	(8,782,213)			8,995,841
Media		5**		5
Preferred Stock:				
Media	127,220			8,140,789
Common Stock:				
Advertising	(1,716,354)			913,767
Aerospace & Defense	(45,871)			214,509
Banks	8			8
Media				9
Warrants:				
Commercial Services	246,623			
Media				2
<b>Totals</b>	\$ (10,170,587)	\$ 442,755	\$	\$ 18,707,680

\* At February 28, 2019, a security valued at \$442,750 was transferred from Level 2 to Level 3. The transfer resulted from the lack of a current valuated price from independent pricing service at February 28, 2019 for the security.

\*\* At February 28, 2019, a security valued at \$5 was transferred from Level 2 to Level 3. The transfer was due to uncertainty regarding the receipt of updated financial statements and data related to a current evaluated price.

Issued via corporate action.

Removed from accounting records as worthless.

The table above may include Level 3 investments that are valued by brokers or independent pricing services. The inputs for these investments are not readily available or cannot be reasonably estimated and are generally those inputs

described in Note 1(b).

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, 2019:

	Ending Balance 2/28/19	Valuation Technique Used	Unobservable Inputs	Input Values (Range)
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Diversified Financial Services	\$8,995,841	Market and Company Comparables	Implied Price	\$48.74
Preferred Stock:	\$8,050,722	Market and Company Comparables	EV Multiples Illiquidity Discount	0.74x (0.25x 1.28x) 25%
Common Stock:	\$913,767	Market and Company Comparables	EV Multiples Illiquidity Discount	5.67x (2.06x 11.77x) 20%
	\$214,509	Market and Company Comparables	EV Multiples M&A Transaction Multiples Illiquidity Discount	0.60x (0.42x 0.74x) 0.87x (0.32x 2.12x) 40%

The table above does not include Level 3 investments that are valued by brokers or independent pricing services.

**Table of Contents**

**Schedule of Investments**

AllianzGI Convertible & Income Fund

February 28, 2019 (continued)

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2019 was \$(10,617,646). The net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statements of Operations.

**Glossary:**

FRN - Floating Rate Note

PIK - Payment-in-Kind

REIT - Real Estate Investment Trust

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **29**

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019

Principal Amount (000s)		Value
<b>Corporate Bonds &amp; Notes 37.4%</b>		
<b>Aerospace &amp; Defense 1.0%</b>		
\$5,315	TransDigm, Inc., 6.50%, 5/15/25	\$5,315,000
1,320	Triumph Group, Inc., 7.75%, 8/15/25	1,268,850
		6,583,850
<b>Auto Components 0.3%</b>		
1,875	Goodyear Tire & Rubber Co., 5.00%, 5/31/26	1,785,937
<b>Auto Manufacturers 1.1%</b>		
4,685	Navistar International Corp., 6.625%, 11/1/25 (a)(b)	4,853,800
2,380	Tesla, Inc., 5.30%, 8/15/25 (a)(b)	2,127,125
		6,980,925
<b>Chemicals 2.3%</b>		
5,500	Chemours Co., 6.625%, 5/15/23	5,727,150
3,640	Kraton Polymers LLC, 7.00%, 4/15/25 (a)(b)	3,699,150
1,465	Olin Corp., 5.00%, 2/1/30	1,428,375
4,180	Tronox, Inc., 6.50%, 4/15/26 (a)(b)	3,971,000
		14,825,675
<b>Commercial Services 0.9%</b>		
5,974	Cenveo Corp., 6.00%, 5/15/24 (cost-\$7,549,536; purchased 3/22/12) (a)(b)(d)(e)(g)(i)	328,570
1,975	Hertz Corp., 7.625%, 6/1/22 (a)(b)	2,024,375
2,210	Laureate Education, Inc., 8.25%, 5/1/25 (a)(b)	2,397,850
1,270	United Rentals North America, Inc., 5.50%, 7/15/25	1,301,750
		6,052,545
<b>Computers 1.5%</b>		
4,006	DynCorp International, Inc., PIK 1.50%, 11.875%, 11/30/20	4,125,822
5,520	Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b)	5,492,400
		9,618,222
<b>Distribution/Wholesale 0.6%</b>		
4,110	H&E Equipment Services, Inc., 5.625%, 9/1/25	4,084,312
<b>Diversified Financial Services 3.5%</b>		
13,760	CCF Holdings LLC, 10.75%, 12/15/23, PIK 10.75% (a)(b)(e)(g)	6,707,363
6,000	Community Choice Financial Issuer LLC, 9.00%, 6/15/23 (cost-\$6,000,000; purchased 9/6/18) (a)(b)(i)	6,007,500
3,370	Navient Corp., 7.25%, 9/25/23	3,487,950
3,865	Springleaf Finance Corp., 8.25%, 10/1/23	4,285,319
2,155	Travelport Corporate Finance PLC, 6.00%, 3/15/26 (a)(b)	2,297,769

		22,785,901
	<b>Electric Utilities 0.6%</b>	
3,772	NRG Energy, Inc., 6.25%, 5/1/24	3,907,981
	<b>Electrical Equipment 0.3%</b>	
1,730	Energizer Holdings, Inc., 7.75%, 1/15/27 (a)(b)	1,848,937
	<b>Engineering &amp; Construction 0.9%</b>	
2,165	AECOM, 5.125%, 3/15/27	2,064,869
3,900	Tutor Perini Corp., 6.875%, 5/1/25 (a)(b)	3,880,500
		5,945,369

30 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements



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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Entertainment 1.7%</b>	
\$3,810	AMC Entertainment Holdings, Inc., 6.125%, 5/15/27	\$3,433,762
3,045	Cedar Fair L.P., 5.375%, 6/1/24	3,113,513
2,505	Eldorado Resorts, Inc., 6.00%, 9/15/26 (a)(b)	2,561,363
1,515	International Game Technology PLC, 6.25%, 1/15/27 (a)(b)	1,580,334
780	Stars Group Holdings BV, 7.00%, 7/15/26 (a)(b)	800,132
		11,489,104
	<b>Food &amp; Beverage 0.2%</b>	
1,165	Albertsons Cos. LLC, 7.50%, 3/15/26 (a)(b)	1,205,775
	<b>Healthcare-Products 0.4%</b>	
2,755	Mallinckrodt International Finance S.A., 5.75%, 8/1/22 (a)(b)	2,603,475
	<b>Healthcare-Services 2.4%</b>	
1,880	Centene Corp., 5.375%, 6/1/26 (a)(b)	1,955,200
2,165	Community Health Systems, Inc., 6.25%, 3/31/23	2,091,931
4,125	DaVita, Inc., 5.125%, 7/15/24	4,094,062
1,325	Encompass Health Corp., 5.75%, 11/1/24	1,343,616
2,950	HCA, Inc., 7.50%, 2/15/22	3,241,313
2,750	Tenet Healthcare Corp., 7.00%, 8/1/25	2,767,188
		15,493,310
	<b>Home Builders 0.3%</b>	
1,745	Beazer Homes USA, Inc., 8.75%, 3/15/22	1,816,981
	<b>Insurance 0.5%</b>	
3,320	Prudential Financial, Inc., 5.70%, 9/15/48 (converts to FRN on 9/15/28)	3,283,065
	<b>Internet 0.4%</b>	
2,200	Netflix, Inc., 5.875%, 2/15/25	2,337,500
	<b>Iron/Steel 0.3%</b>	
2,165	United States Steel Corp., 6.875%, 8/15/25	2,143,350
	<b>Lodging 0.5%</b>	
1,000	Wyndham Hotels & Resorts, Inc., 5.375%, 4/15/26 (a)(b)	1,016,650
2,280	Wynn Las Vegas LLC, 5.50%, 3/1/25 (a)(b)	2,277,834
		3,294,484
	<b>Machinery-Construction &amp; Mining 0.5%</b>	
3,585	Terex Corp., 5.625%, 2/1/25 (a)(b)	3,490,894
	<b>Media 2.1%</b>	
5,630	Cablevision Systems Corp., 8.00%, 4/15/20	5,913,189
2,325	CSC Holdings LLC, 7.75%, 7/15/25 (a)(b)	2,487,750
2,850	Gray Television, Inc., 5.875%, 7/15/26 (a)(b)	2,885,625

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

3,589	LiveStyle, Inc., 9.625%, 2/1/19 (cost-\$3,586,663; purchased 5/7/14-2/26/15) (a)(b)(d)(e)(g)(i)(k)	4
2,150	Meredith Corp., 6.875%, 2/1/26 (c)	2,231,270
		13,517,838
	<b>Metal Fabricate/Hardware 0.4%</b>	
2,920	Park-Ohio Industries, Inc., 6.625%, 4/15/27	2,883,500
	<b>Mining 1.4%</b>	
865	Alcoa Nederland Holding BV, 6.125%, 5/15/28 (a)(b)	887,706
3,365	Constellium NV, 6.625%, 3/1/25 (a)(b)	3,398,650
1,915	Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(b)	1,993,994
3,050	Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(b)	3,244,437
		9,524,787

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **31**

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Miscellaneous Manufacturing 0.3%</b>	
\$2,255	Koppers, Inc., 6.00%, 2/15/25 (a)(b)	\$1,984,400
	<b>Oil, Gas &amp; Consumable Fuels 3.3%</b>	
2,300	Calumet Specialty Products Partners L.P., 6.50%, 4/15/21	2,139,000
1,420	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23	1,407,575
2,500	Chesapeake Energy Corp., 8.00%, 1/15/25	2,553,125
	EnSCO PLC,	
450	5.20%, 3/15/25	347,625
3,565	7.75%, 2/1/26	3,003,513
2,165	NGL Energy Partners L.P., 7.50%, 11/1/23	2,243,481
2,095	Noble Holding International Ltd., 7.75%, 1/15/24	1,891,523
3,745	Oasis Petroleum, Inc., 6.875%, 3/15/22	3,749,681
2,580	Transocean, Inc., 7.50%, 1/15/26 (a)(b)	2,502,600
1,750	USA Compression Partners L.P., 6.875%, 9/1/27 (a)(b)	1,787,188
		21,625,311
	<b>Paper &amp; Forest Products 0.2%</b>	
1,360	Mercer International, Inc., 7.375%, 1/15/25 (a)(b)	1,424,600
	<b>Pharmaceuticals 1.7%</b>	
1,235	Bausch Health Americas, Inc., 8.50%, 1/31/27 (a)(b)	1,282,084
	Bausch Health Cos., Inc. (a)(b),	
2,605	6.125%, 4/15/25	2,513,825
1,280	7.00%, 3/15/24	1,352,000
1,755	Endo Finance LLC, 5.375%, 1/15/23 (a)(b)	1,465,425
4,425	Horizon Pharma USA, Inc., 6.625%, 5/1/23	4,579,875
		11,193,209
	<b>Pipelines 0.5%</b>	
1,770	Energy Transfer L.P., 5.50%, 6/1/27	1,862,925
	Targa Resources Partners L.P. (a)(b),	
750	6.50%, 7/15/27	795,000
815	6.875%, 1/15/29	869,503
		3,527,428
	<b>Real Estate 0.6%</b>	
4,205	Kennedy-Wilson, Inc., 5.875%, 4/1/24	4,157,526
	<b>Retail 1.0%</b>	
4,570	Conn's, Inc., 7.25%, 7/15/22	4,318,650
1,170	L Brands, Inc., 6.875%, 11/1/35	1,014,975
1,010	Party City Holdings, Inc., 6.625%, 8/1/26 (a)(b)	997,375

		6,331,000
	<b>Semiconductors 0.4%</b>	
2,875	Amkor Technology, Inc., 6.375%, 10/1/22	2,903,750
	<b>Software 0.7%</b>	
3,850	Camelot Finance S.A., 7.875%, 10/15/24 (a)(b)	4,038,688
685	Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(b)	601,088
		4,639,776
	<b>Telecommunications 4.3%</b>	
1,735	CenturyLink, Inc., 7.50%, 4/1/24, Ser. Y	1,839,642
3,125	Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(b)	2,843,750
7,130	Consolidated Communications, Inc., 6.50%, 10/1/22	6,684,375

32 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Telecommunications (continued)</b>	
\$3,295	Frontier Communications Corp., 10.50%, 9/15/22	\$2,372,400
2,050	GTT Communications, Inc., 7.875%, 12/31/24 (a)(b)	1,778,375
	Hughes Satellite Systems Corp.,	
1,130	6.625%, 8/1/26	1,114,463
3,500	7.625%, 6/15/21	3,762,500
5,545	Sprint Communications, Inc., 11.50%, 11/15/21	6,486,541
1,425	Sprint Corp., 7.625%, 3/1/26	1,482,000
		28,364,046
	<b>Transportation 0.3%</b>	
2,060	XPO Logistics, Inc., 6.50%, 6/15/22 (a)(b)	2,103,775
	Total Corporate Bonds & Notes (cost-\$263,221,639)	245,758,538
	<b>Convertible Bonds &amp; Notes 34.2%</b>	
	<b>Agriculture 0.7%</b>	
	Vector Group Ltd., 3 mo. Cash Dividends on Common Stock +	
4,335	1.75%, 1.75%, 4/15/20 (h)	4,427,119
	<b>Apparel &amp; Textiles 0.8%</b>	
11,140	Iconix Brand Group, Inc., 5.75%, 8/15/23	5,003,921
	<b>Auto Manufacturers 0.7%</b>	
4,675	Navistar International Corp., 4.75%, 4/15/19	4,684,308
	<b>Biotechnology 1.2%</b>	
7,260	Intercept Pharmaceuticals, Inc., 3.25%, 7/1/23	6,824,843
1,355	Verastem, Inc., 5.00%, 11/1/48	1,077,476
		7,902,319
	<b>Building Materials 1.4%</b>	
3,225	Cemex S.A.B de C.V., 3.72%, 3/15/20	3,210,055
6,680	Patrick Industries, Inc., 1.00%, 2/1/23 (a)(b)	6,028,700
		9,238,755
	<b>Chemicals 0.7%</b>	
7,755	Aceto Corp., 2.00%, 11/1/20 (d)	4,304,025
	<b>Commercial Services 1.8%</b>	
7,960	Huron Consulting Group, Inc., 1.25%, 10/1/19	7,830,196
4,310	Macquarie Infrastructure Corp., 2.00%, 10/1/23	3,814,350
		11,644,546
	<b>Computers 1.2%</b>	
8,865	Western Digital Corp., 1.50%, 2/1/24 (a)(b)	7,835,694
	<b>Distribution/Wholesale 0.7%</b>	

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

4,975	Titan Machinery, Inc., 3.75%, 5/1/19	4,931,389
	<b>Diversified Financial Services 2.4%</b>	
7,030	Encore Capital Group, Inc., 3.00%, 7/1/20	6,950,687
9,160	PRA Group, Inc., 3.00%, 8/1/20	8,793,637
		15,744,324
	<b>Electrical Equipment 1.2%</b>	
	SunPower Corp.,	
2,365	0.875%, 6/1/21	1,844,669
7,095	4.00%, 1/15/23	5,717,329
		7,561,998

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **33**

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

Principal Amount (000s)		Value
	<b>Electronics 0.9%</b>	
\$5,955	OSI Systems, Inc., 1.25%, 9/1/22	\$6,044,325
	<b>Energy-Alternate Sources 2.8%</b>	
1,505	Green Plains, Inc., 4.125%, 9/1/22	1,404,353
5,160	Pattern Energy Group, Inc., 4.00%, 7/15/20	5,147,487
12,690	Tesla Energy Operations, Inc., 1.625%, 11/1/19	12,080,982
		18,632,822
	<b>Engineering &amp; Construction 0.6%</b>	
4,125	Tutor Perini Corp., 2.875%, 6/15/21	4,003,564
	<b>Equity Real Estate Investment Trusts (REITs) 1.3%</b>	
3,025	Two Harbors Investment Corp., 6.25%, 1/15/22	3,044,454
5,810	Western Asset Mortgage Capital Corp., 6.75%, 10/1/22	5,520,743
		8,565,197
	<b>Insurance 2.4%</b>	
8,605	AXA S.A., 7.25%, 5/15/21 (a)(b)	8,265,077
6,005	MGIC Investment Corp., 9.00%, 4/1/63 (a)(b)	7,726,501
		15,991,578
	<b>Investment Companies 1.1%</b>	
7,205	Prospect Capital Corp., 6.375%, 3/1/25	7,087,919
	<b>Oil, Gas &amp; Consumable Fuels 2.2%</b>	
4,905	Chesapeake Energy Corp., 5.50%, 9/15/26	4,504,880
1,940	Ensco Jersey Finance Ltd., 3.00%, 1/31/24	1,567,770
1,720	Nabors Industries, Inc., 0.75%, 1/15/24	1,210,971
7,525	Whiting Petroleum Corp., 1.25%, 4/1/20	7,244,491
		14,528,112
	<b>Pharmaceuticals 2.1%</b>	
9,210	Dermira, Inc., 3.00%, 5/15/22	7,224,094
7,445	Tilray, Inc., 5.00%, 10/1/23 (a)(b)	6,444,578
		13,668,672
	<b>Pipelines 2.2%</b>	
18,700	Cheniere Energy, Inc., 4.25%, 3/15/45	14,317,187
	<b>Semiconductors 0.4%</b>	
2,970	Veeco Instruments, Inc., 2.70%, 1/15/23	2,530,963
	<b>Software 3.0%</b>	
4,400	Avaya Holdings Corp., 2.25%, 6/15/23 (a)(b)	3,894,369
11,915	Avid Technology, Inc., 2.00%, 6/15/20	10,842,650
2,130	DocuSign, Inc., 0.50%, 9/15/23 (a)(b)	2,279,100

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

3,015	Synchronoss Technologies, Inc., 0.75%, 8/15/19	2,976,954
		19,993,073
	<b>Telecommunications 1.5%</b>	
5,735	GDS Holdings Ltd., 2.00%, 6/1/25 (a)(b)	5,086,016
5,555	Infinera Corp., 2.125%, 9/1/24	4,687,031
		9,773,047
	<b>Transportation 0.9%</b>	
3,440	Echo Global Logistics, Inc., 2.50%, 5/1/20	3,431,675
3,555	Teekay Corp., 5.00%, 1/15/23 (a)(b)	2,679,581
		6,111,256
	Total Convertible Bonds & Notes (cost-\$231,718,735)	224,526,113

34 Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements



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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

Shares		Value
<b>Convertible Preferred Stock 24.1%</b>		
<b>Banks 4.3%</b>		
9,140	Bank of America Corp., 7.25%, Ser. L (f)	\$11,845,440
12,835	Wells Fargo & Co., 7.50%, Ser. L (f)	16,467,305
		28,312,745
<b>Chemicals 0.9%</b>		
63,645	International Flavors & Fragrances, Inc., 6.00%, 9/15/21	3,178,431
25,690	Rayonier Advanced Materials, Inc., 8.00%, 8/15/19, Ser. A	2,607,278
		5,785,709
<b>Diversified Financial Services 1.0%</b>		
124,400	AMG Capital Trust II, 5.15%, 10/15/37	6,359,166
<b>Electric Utilities 4.7%</b>		
83,335	CenterPoint Energy, Inc., 7.00%, 9/1/21, Ser. B	4,355,087
153,295	Dominion Energy, Inc., 6.75%, 8/15/19, Ser. A	7,551,312
111,635	NextEra Energy, Inc., 6.123%, 9/1/19	6,789,641
121,195	Sempra Energy, 6.00%, 1/15/21, Ser. A	12,570,345
		31,266,385
<b>Electronic Equipment, Instruments &amp; Components 1.0%</b>		
76,780	Belden, Inc., 6.75%, 7/15/19	6,414,201
<b>Electronics 1.2%</b>		
7,625	Fortive Corp., 5.00%, 7/1/21, Ser. A	7,935,241
<b>Equity Real Estate Investment Trusts (REITs) 3.8%</b>		
7,795	Crown Castle International Corp., 6.875%, 8/1/20, Ser. A	8,658,919
43,045	QTS Realty Trust, Inc., 6.50%, Ser. B (f)	4,514,990
476,235	RLJ Lodging Trust, 1.95%, Ser. A (f)	11,939,212
		25,113,121
<b>Gas Utilities 0.3%</b>		
44,530	South Jersey Industries, Inc., 7.25%, 4/15/21	2,159,705
<b>Hand/Machine Tools 1.3%</b>		
85,590	Stanley Black & Decker, Inc., 5.375%, 5/15/20	8,312,501
<b>Healthcare-Products 2.2%</b>		
214,580	Becton Dickinson and Co., 6.125%, 5/1/20, Ser. A	13,266,408
980	Danaher Corp., 4.75%, 4/15/22, Ser. A	1,003,231
		14,269,639
<b>Insurance 2.0%</b>		
120,100	Assurant, Inc., 6.50%, 3/15/21, Ser. D	13,095,704
<b>Oil, Gas &amp; Consumable Fuels 0.2%</b>		
51,395	Nabors Industries Ltd., 6.00%, 5/1/21	1,314,170
<b>Real Estate 1.2%</b>		

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

309,935	Ready Capital Corp., 7.00%, 8/15/23	8,138,893
Total Convertible Preferred Stock (cost-\$148,111,407)		158,477,180
<b>Preferred Stock (a)(e)(g)(k) 1.3%</b>		
<b>Media 1.3%</b>		
3,554	LiveStyle, Inc., Ser. A	483,522
76,572	LiveStyle, Inc., Ser. B (j)	7,657,200
5,000	LiveStyle, Inc., Ser. B (j)	50
Total Preferred Stock (cost-\$12,855,448)		8,140,772

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report 35

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

Shares		Value
<b>Common Stock (e)(g)(j) 0.1%</b>		
	<b>Advertising 0.1%</b>	
133,715	Affinion Group Holdings, Inc. Class A (cost-\$2,371,020; purchased 11/9/15-11/12/15) (i)	\$703,341
<b>Aerospace &amp; Defense 0.0%</b>		
6,354	Erickson, Inc. (a)	164,315
<b>Banks 0.0%</b>		
42,233	CCF Holdings LLC Class A (i) (cost-\$0; purchased 12/18/18)	4
21,429	CCF Holdings LLC Class B (l)(i) (cost-\$0; purchased 12/12/18)	2
		6
<b>Media 0.0%</b>		
90,407	LiveStyle, Inc. (a)(k)	9
Total Common Stock (cost-\$7,842,203)		867,671
<b>Units</b>		
<b>Warrants 0.0%</b>		
<b>Media 0.0%</b>		
19,500	LiveStyle, Inc., expires 11/30/21, Ser. C (a)(e)(g)(j)(k) (cost-\$0)	2
<b>Principal Amount (000s)</b>		
<b>Repurchase Agreements 2.9%</b>		
	State Street Bank and Trust Co., dated 2/28/19, 0.50%, due 3/1/19, proceeds \$19,042,264; collateralized by U.S. Treasury Notes, 2.50%, due 1/15/22, valued at \$19,426,405 including accrued interest (cost-\$19,042,000)	19,042,000
	<b>Total Investments (cost-\$682,791,432) 100.0%</b>	<b>656,812,276</b>
	Other liabilities in excess of assets	(5,386,762)
	Preferred Shares	(271,525,000)
	<b>Net Assets Applicable to Common Shareholders</b>	<b>\$379,900,514</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 \$164,910,552, representing 25.1% 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 \$156,605,454, representing 23.8% of total investments.

- (c) When-issued or delayed-delivery. To be settled/delivered after February 28, 2019.
- (d) In default.
- (e) Fair-Valued Securities with an aggregate value of \$16,044,382, representing 2.4% of total investments. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (f) Perpetual maturity. The date shown, if any, is the next call date.
- (g) Level 3 security. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (h) 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.
- (i) Restricted. The aggregate cost of such securities is \$19,507,219. The aggregate value is \$7,039,421, representing 1.1% of total investments.
- (j) Non-income producing.

**36** Annual Report | February 28, 2019 | See accompanying Notes to Financial Statements

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

(k) 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 1.3% of total investments.

(l) Affiliated security. (See Note 9)

(m) 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 2/28/19
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Commercial Services	\$	\$5,723,975	\$328,570	\$6,052,545
Diversified Financial Services		16,078,538	6,707,363	22,785,901
Media		13,517,834	4	13,517,838
All Other		203,402,254		203,402,254
Convertible Bonds & Notes		224,526,113		224,526,113
Convertible Preferred Stock:				
Diversified Financial Services		6,359,166		6,359,166
Electronics		7,935,241		7,935,241
Equity Real Estate Investment Trusts (REITs)	16,454,202	8,658,919		25,113,121
Gas Utilities		2,159,705		2,159,705
Hand/Machine Tools		8,312,501		8,312,501
Healthcare-Products	1,003,231	13,266,408		14,269,639
All Other	94,327,807			94,327,807
Preferred Stock			8,140,772	8,140,772
Common Stock			867,671	867,671
Warrants			2	2
Repurchase Agreements		19,042,000		19,042,000
<b>Totals</b>	\$ 111,785,240	\$ 528,982,654	\$ 16,044,382	\$ 656,812,276

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the year ended

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

February 28, 2019, was as follows:

	Beginning Balance 2/28/18	Purchases	Sales	Accrued Discount (Premiums)	Net Realized Gain (Loss)
<b>Investments in Securities Assets</b>					
Corporate Bonds & Notes:					
Commercial Services	\$	\$	\$	\$	\$
Diversified Financial Services		13,237,251		15,947	
Media					
Preferred Stock:					
Media	8,491,150		(650,957)		181,840
Common Stock:					
Advertising	2,024,445				
Aerospace & Defense	199,452				
Banks					
Media	9				
Warrants:					
Commercial Services	273				(183,305)
Media	2				
<b>Totals</b>	\$ 10,715,331	\$ 13,237,251	\$ (650,957)	\$ 15,947	\$ (1,465)

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report [37](#)

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

AllianzGI Convertible &amp; Income Fund II

February 28, 2019 (continued)

	Net Change in Unrealized Appreciation/ Depreciation	Transfers into Level 3	Transfers out of Level 3	Ending Balance 2/28/19
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Commercial Services	\$	\$ 328,570*	\$	\$328,570
Diversified Financial Services	(6,545,835)			6,707,363
Media		4**		4
Preferred Stock:				
Media	118,739			8,140,772
Common Stock:				
Advertising	(1,321,104)			703,341
Aerospace & Defense	(35,137)			164,315
Banks	6			6
Media				9
Warrants:				
Commercial Services	183,032			
Media				2
<b>Totals</b>	\$ (7,600,299)	\$ 328,574	\$	\$ 16,044,382

\* At February 28, 2019, a security valued at \$328,570 was transferred from Level 2 to Level 3. The transfer resulted from the lack of a current valuated price from independent pricing service at February 28, 2019 for the security.

\*\* At February 28, 2019, a security valued at \$4 was transferred from Level 2 to Level 3. The transfer was due to uncertainty regarding the receipt of updated financial statements and data related to a current evaluated price.

Issued via corporate action.

Removed from accounting records as worthless.

The table above may include Level 3 investments that are valued by brokers or independent pricing services. The inputs for these investments are not readily available or cannot be reasonably estimated and are generally those inputs

described in Note 1(b).

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, 2019:

	Ending Balance at 2/28/19	Valuation Technique Used	Unobservable Inputs	Input Values (Range)
<b>Investments in Securities Assets</b>				
Corporate Bonds & Notes:				
Diversified Financial Services	\$6,707,363	Market and Company Comparables	Implied Price	\$48.74
Preferred Stock:	\$8,050,722	Market and Company Comparables	EV Multiples Illiquidity Discount	0.74x (0.25x 1.28x) 25%
Common Stock:	\$703,341	Market and Company Comparables	EV Multiples Illiquidity Discount	5.67x (2.06x 11.77x) 20%
	\$164,315	Market and Company Comparables	EV Multiples M&A Transaction Multiples Illiquidity Discount	0.60x (0.42x 0.74x) 0.87x (0.32x 2.12x) 40%

The table above does not include Level 3 investments that are valued by brokers or independent pricing services.



**Table of Contents**

**Schedule of Investments**

AllianzGI Convertible & Income Fund II

February 28, 2019 (continued)

The net change in unrealized appreciation/depreciation of Level 3 investments held at February 28, 2019, was \$(7,923,366). The net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statements of Operations.

**Glossary:**

FRN - Floating Rate Note

PIK - Payment-in-Kind

REIT - Real Estate Investment Trust

See accompanying Notes to Financial Statements | February 28, 2019 | Annual Report **39**

**Table of Contents**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**40** Annual Report | February 28, 2019

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

AllianzGI Convertible &amp; Income Funds

February 28, 2019

	Convertible & Income 2024 Target Term	Convertible & Income	Convertible & Income II
<b>Assets:</b>			
Investments, at value, including securities on loan of \$60,040,590, \$24,675,414, and \$0, respectively (cost-\$250,170,885, \$897,608,858 and \$682,791,432, respectively)	\$245,830,260	\$861,565,894	\$656,812,276
Cash	119,756	1,323,322	1,045,949
Receivable for investments sold	6,797,418	13,990,544	10,627,776
Interest and dividends receivable	2,433,104	10,333,262	7,833,217
Investments in Affiliated Funds Trustees Deferred Compensation Plan (see Note 3)	17,317		