

AllianzGI Convertible & Income Fund  
Form N-Q  
July 22, 2013

**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 811-21284

**AllianzGI Convertible & Income Fund**

(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019

(Address of principal executive offices) (Zip code)

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**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, 2014**

**Date of reporting period: May 31, 2013**

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

May 31, 2013 (unaudited)

| Principal<br>Amount<br>(000s)                  |   | Value*       |
|--|---|--------------|
| <b>CORPORATE BONDS &amp; NOTES 43.4%</b>       |   |              |
| <b>Advertising 0.6%</b>                        |   |              |
| \$8,230  | Affinion Group, Inc., 11.50%, 10/15/15                              | \$ 7,077,800 |
| <b>Auto Components 0.7%</b>                    |   |              |
| 5,205  | American Axle & Manufacturing Holdings, Inc., 9.25%, 1/15/17 (a)(b) | 5,660,437    |
| 1,280  | Goodyear Tire & Rubber Co., 8.25%, 8/15/20                          | 1,432,000    |
|  |   | 7,092,437    |
| <b>Auto Manufacturers 0.8%</b>                 |   |              |
| 7,410  | Chrysler Group LLC, 8.25%, 6/15/21                                  | 8,410,350    |
| <b>Commercial Services 4.2%</b>                |   |              |
|  | Avis Budget Car Rental LLC/Avis Budget Finance, Inc.,               |              |
| 1,665  | 9.625%, 3/15/18   | 1,843,987    |
| 4,000  | 9.75%, 3/15/20  | 4,690,000    |
| 11,500   | Cenveo Corp., 11.50%, 5/15/17                                       | 9,861,250    |
| 5,705  | DynCorp International, Inc., 10.375%, 7/1/17                        | 5,876,150    |
| 3,965  | Interactive Data Corp., 10.25%, 8/1/18                              | 4,470,538    |
| 6,375  | Monitronics International, Inc., 9.125%, 4/1/20                     | 6,916,875    |
| 11,000   | National Money Mart Co., 10.375%, 12/15/16                          | 11,838,750   |
|  |   | 45,497,550   |
| <b>Commercial Services &amp; Supplies 0.8%</b> |   |              |
| 5,645  | United Rentals North America, Inc., 8.375%, 9/15/20                 | 6,181,275    |
| 2,255  | West Corp., 8.625%, 10/1/18   | 2,486,138    |
|  |   | 8,667,413    |
| <b>Consumer Finance 0.8%</b>                   |   |              |
| 2,395  | SLM Corp., 8.45%, 6/15/18   | 2,670,425    |
| 5,775  | Springleaf Finance Corp., 6.90%, 12/15/17                           | 6,013,219    |
|  |   | 8,683,644    |
| <b>Distribution/Wholesale 0.5%</b>             |   |              |
| 5,675  | HD Supply, Inc., 10.50%, 1/15/21                                    | 5,909,094    |
| <b>Diversified Consumer Services 0.6%</b>      |   |              |
| 6,815  | Cambium Learning Group, Inc., 9.75%, 2/15/17                        | 6,201,650    |
| <b>Diversified Financial Services 1.6%</b>     |   |              |

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|        |  |            |
|--------|--|------------|
|        | Community Choice Financial, Inc.,                              |            |
| 10,085 | 10.75%, 5/1/19   | 9,984,150  |
| 7,130  | 12.75%, 5/1/20 (a)(b)  | 7,334,987  |
|        |  | 17,319,137 |
|        | <b>Diversified Telecommunications 1.0%</b>                     |            |
| 10,275 | Cincinnati Bell, Inc., 8.75%, 3/15/18                          | 10,583,250 |
|        | <b>Electric 0.4%</b>   |            |
|        | Texas Competitive Electric Holdings Co. LLC,                   |            |
| 750    | 11.50%, 10/1/20 (a)(b)   | 592,500    |
| 10,800 | 15.00%, 4/1/21   | 3,510,000  |
|        |  | 4,102,500  |
|        | <b>Electrical Components &amp; Equipment 1.3%</b>              |            |
| 13,585 | WireCo WorldGroup, Inc., 9.50%, 5/15/17                        | 14,162,363 |
|        | <b>Electronic Equipment, Instruments &amp; Components 0.7%</b> |            |
| 7,725  | Kemet Corp., 10.50%, 5/1/18                                    | 8,014,688  |
|        | <b>Electronics 0.2%</b>  |            |
| 1,700  | NXP BV/NXP Funding LLC, 9.75%, 8/1/18 (a)(b)                   | 1,929,500  |
|        | <b>Energy Equipment &amp; Services 1.0%</b>                    |            |
| 9,795  | Pioneer Drilling Co., 9.875%, 3/15/18                          | 10,725,525 |
|        | <b>Food &amp; Staples Retailing 0.5%</b>                       |            |
| 5,000  | Rite Aid Corp., 10.25%, 10/15/19                               | 5,756,250  |
|        | <b>Health Care Providers &amp; Services 0.9%</b>               |            |
| 8,875  | ExamWorks Group, Inc., 9.00%, 7/15/19                          | 9,806,875  |
|        | <b>Healthcare-Products 0.6%</b>                                |            |
| 6,065  | Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18          | 6,595,688  |
|        | <b>Hotels, Restaurants &amp; Leisure 1.9%</b>                  |            |
| 9,120  | DineEquity, Inc., 9.50%, 10/30/18                              | 10,305,600 |
| 8,405  | MGM Resorts International, 11.375%, 3/1/18                     | 10,926,500 |
|        |  | 21,232,100 |
|        | <b>Household Durables 1.2%</b>                                 |            |
|        | Beazer Homes USA, Inc.,  |            |
| 2,945  | 7.25%, 2/1/23 (a)(b)   | 3,132,744  |
| 5,045  | 9.125%, 5/15/19  | 5,543,193  |
| 3,950  | Jarden Corp., 7.50%, 5/1/17                                    | 4,512,875  |
|        |  | 13,188,812 |
|        | <b>Household Products/Wares 0.8%</b>                           |            |
| 7,610  | Reynolds Group Issuer, Inc., 9.875%, 8/15/19                   | 8,323,438  |
|        | <b>Internet Software &amp; Services 1.1%</b>                   |            |
|        | EarthLink, Inc.,   |            |
| 2,800  | 7.375%, 6/1/20 (a)(b)  | 2,772,000  |
| 9,060  | 8.875%, 5/15/19  | 9,150,600  |

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11,922,600

**Iron/Steel 0.6%**

|       |                                |           |
|-------|--------------------------------|-----------|
| 7,305 | AK Steel Corp., 8.375%, 4/1/22 | 6,574,500 |
|-------|--------------------------------|-----------|

**IT Services 0.2%**

|       |   |           |
|-------|---|-----------|
| 2,615 | Stream Global Services, Inc., 11.25%, 10/1/14 | 2,699,988 |
|-------|---|-----------|

**Leisure Time 0.8%**

|       |                                 |           |
|-------|---------------------------------|-----------|
| 650   | NCL Corp. Ltd., 9.50%, 11/15/18 | 736,125   |
| 8,855 | Travelport LLC, 11.875%, 9/1/16 | 8,434,388 |

9,170,513

**AllianzGI Convertible & Income Fund Schedule of Investments**

May 31, 2013 (unaudited) (continued)

Principal

Amount

(000s)

Value\*

|   |   |              |
|---|---|--------------|
| <b>Lodging 0.8%</b>                         |   |              |
| \$12,385                                    | Caesars Entertainment Operating Co., Inc., 12.75%, 4/15/18  | \$ 8,731,425 |
| <b>Machinery 0.5%</b>                       |   |              |
| 5,755                                       | Navistar International Corp., 8.25%, 11/1/21  | 5,891,681    |
| <b>Media 2.8%</b>                           |   |              |
| 5,545                                       | McClatchy Co., 9.00%, 12/15/22 (a)(b)   | 6,016,325    |
| 8,220                                       | McGraw-Hill Global Education Holdings LLC/McGraw-Hill Global Education Finance,<br>9.75%, 4/1/21 (a)(b) | 8,579,625    |
| 6,750                                       | Media General, Inc., 11.75%, 2/15/17  | 7,560,000    |
| 3,745                                       | Mood Media Corp., 9.25%, 10/15/20 (a)(b)  | 3,688,825    |
| 4,240                                       | Sinclair Television Group, Inc., 9.25%, 11/1/17 (a)(b)  | 4,547,400    |
|   |   | 30,392,175   |
| <b>Metals &amp; Mining 0.9%</b>             |   |              |
| 3,775                                       | ArcelorMittal, 10.35%, 6/1/19   | 4,690,437    |
| 5,465                                       | Thompson Creek Metals Co., Inc., 7.375%, 6/1/18   | 4,973,150    |
|   |   | 9,663,587    |
| <b>Miscellaneous Manufacturing 0.9%</b>     |   |              |
| 10,150                                      | Harland Clarke Holdings Corp., 9.50%, 5/15/15   | 10,213,437   |
| <b>Oil &amp; Gas 1.9%</b>                   |   |              |
| 9,050                                       | Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17  | 10,090,750   |
| 9,280                                       | United Refining Co., 10.50%, 2/28/18  | 10,579,200   |
|   |   | 20,669,950   |
| <b>Oil, Gas &amp; Consumable Fuels 1.9%</b> |   |              |
| 2,840                                       | Arch Coal, Inc., 9.875%, 6/15/19 (a)(b)   | 2,939,400    |
| 9,890                                       | Endeavour International Corp., 12.00%, 3/1/18   | 9,346,050    |
| 5,050                                       | EP Energy LLC/EP Energy Finance, Inc., 9.375%, 5/1/20   | 5,750,687    |
| 2,500                                       | Laredo Petroleum, Inc., 9.50%, 2/15/19  | 2,843,750    |
|   |   | 20,879,887   |

**Packaging & Containers 0.7%**

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|  |  |             |
|--|--|-------------|
| 6,379  | Tekni-Plex, Inc., 9.75%, 6/1/19 (a)(b)                                       | 7,176,375   |
| <b>Retail 0.4%</b>                                       |  |             |
| 3,980  | Toys R Us, Inc., 10.375%, 8/15/17  | 4,368,050   |
| <b>Semiconductors &amp; Semiconductor Equipment 1.2%</b> |  |             |
| 2,580  | Advanced Micro Devices, Inc., 8.125%, 12/15/17                               | 2,683,200   |
| 5,035  | Freescale Semiconductor, Inc.,<br>10.125%, 3/15/18 (a)(b)                    | 5,651,787   |
| 4,345  | 10.75%, 8/1/20   | 4,931,575   |
|  |  | 13,266,562  |
| <b>Software 0.6%</b>                                     |  |             |
| 5,670  | First Data Corp., 12.625%, 1/15/21   | 6,222,825   |
| <b>Specialty Retail 0.4%</b>                             |  |             |
| 4,160  | Brown Shoe Co., Inc., 7.125%, 5/15/19  | 4,420,000   |
| <b>Telecommunications 2.5%</b>                           |  |             |
| 7,420  | Clearwire Communications LLC/Clearwire Finance, Inc., 12.00%, 12/1/15 (a)(b) | 7,949,046   |
| 5,665  | Consolidated Communications Finance Co., 10.875%, 6/1/20                     | 6,571,400   |
| 8,203  | ITC Deltacom, Inc., 10.50%, 4/1/16   | 8,682,465   |
| 5,090  | NII Capital Corp., 8.875%, 12/15/19  | 4,631,900   |
|  |  | 27,834,811  |
| <b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>         |  |             |
| 7,540  | Fifth & Pacific Cos, Inc., 10.50%, 4/15/19                                   | 8,444,800   |
| <b>Trading Companies &amp; Distribution 0.6%</b>         |  |             |
| 6,075  | Aircastle Ltd., 9.75%, 8/1/18  | 6,895,125   |
| <b>Transportation 1.8%</b>                               |  |             |
| 9,050  | Quality Distribution LLC, 9.875%, 11/1/18                                    | 10,158,625  |
| 8,610  | Swift Services Holdings, Inc., 10.00%, 11/15/18                              | 9,879,975   |
|  |  | 20,038,600  |
| <b>Wireless Telecommunication Services 0.9%</b>          |  |             |
| 6,705  | Sprint Nextel Corp., 11.50%, 11/15/21  | 9,286,425   |
| Total Corporate Bonds & Notes (cost-\$463,699,543)       |  | 474,043,380 |
| Shares   |  |             |
| <b>CONVERTIBLE PREFERRED STOCK 34.2%</b>                 |  |             |
| <b>Aerospace &amp; Defense 1.1%</b>                      |  |             |
| 193,595  | United Technologies Corp., 7.50%, 8/1/15                                     | 11,681,522  |
| <b>Airlines 1.4%</b>                                     |  |             |
| 313,435  | Continental Airlines Finance Trust II, 6.00%, 11/15/30                       | 15,260,367  |
| <b>Auto Components 1.1%</b>                              |  |             |
| 233,475  | Goodyear Tire & Rubber Co., 5.875%, 4/1/14                                   | 11,662,076  |
| <b>Automobiles 1.5%</b>                                  |  |             |
| 332,430  | General Motors Co., 4.75%, 12/1/13, Ser. B                                   | 16,225,908  |

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|  |  |            |
|--|--|------------|
| <b>Biotechnology 1.1%</b>                      |  |            |
| 219,000  | Credit Suisse, 8.00%, 5/9/14 (Gilead Sciences, Inc.) (d) | 12,003,390 |
| <b>Capital Markets 1.0%</b>                    |  |            |
| 171,470  | AMG Capital Trust I, 5.10%, 4/15/36                      | 11,113,400 |
| <b>Commercial Banks 2.1%</b>                   |  |            |
| 81,250   | Fifth Third Bancorp, 8.50%, 6/30/13, Ser. G (c)          | 12,837,500 |
| 8,100  | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (c)            | 10,165,500 |
|  |  | 23,003,000 |
| <b>Commercial Services &amp; Supplies 0.9%</b> |  |            |
| 150,157  | United Rentals, Inc., 6.50%, 8/1/28                      | 10,557,914 |



**AllianzGI Convertible & Income Fund Schedule of Investments**

May 31, 2013 (unaudited) (continued)

| Shares   |   | Value*        |
|--|---|---------------|
| <b>Communications Equipment 2.2%</b>             |   |               |
| 12,015   | Lucent Technologies Capital Trust I, 7.75%, 3/15/17                           | \$ 11,146,916 |
| 219,090  | The Goldman Sachs Group, Inc., 8.00%, 1/15/14 (QualComm) (d)                  | 13,439,200    |
|  |   | 24,586,116    |
| <b>Computers &amp; Peripherals 1.2%</b>          |   |               |
| 543,785  | JPMorgan Chase & Co., 7.50%, 3/24/14 (EMC Corp.) (d)                          | 12,931,207    |
| <b>Diversified Financial Services 1.5%</b>       |   |               |
| 13,660   | Bank of America Corp., 7.25%, 12/31/49, Ser. L (c)                            | 16,228,080    |
| <b>Electric Utilities 2.3%</b>                   |   |               |
|  | NextEra Energy, Inc.,   |               |
| 195,425  | 5.599%, 6/1/15  | 10,583,241    |
| 25,000   | 7.00%, 9/1/13   | 1,395,000     |
| 263,985  | PPL Corp., 9.50%, 7/1/13  | 13,795,856    |
|  |   | 25,774,097    |
| <b>Health Care Providers &amp; Services 1.3%</b> |   |               |
| 11,340   | HealthSouth Corp., 6.50%, 12/31/49, Ser. A (c)                                | 13,851,810    |
| <b>Insurance 2.2%</b>                            |   |               |
| 344,500  | JPMorgan Chase & Co., 7.00%, 3/10/14 (American International Group, Inc.) (d) | 14,355,315    |
| 194,050  | MetLife, Inc., 5.00%, 3/26/14   | 10,325,401    |
|  |   | 24,680,716    |
| <b>Internet &amp; Catalog Retail 1.2%</b>        |   |               |
| 16,330   | Credit Suisse, 8.00%, 5/21/14 (Priceline.com) (d)                             | 13,020,889    |
| <b>IT Services 0.9%</b>                          |   |               |
| 167,530  | Unisys Corp., 6.25%, 3/1/14   | 9,890,971     |
| <b>Machinery 0.3%</b>                            |   |               |
| 23,595   | Stanley Black & Decker, Inc., 4.75%, 11/17/15                                 | 3,120,439     |
| <b>Metals &amp; Mining 1.3%</b>                  |   |               |
| 227,900  | ArcelorMittal, 6.00%, 1/15/16   | 4,846,430     |
| 315,215  | Cliffs Natural Resources, Inc., 7.00%, 2/1/16                                 | 6,048,976     |
| 160,000  | Thompson Creek Metals Co., Inc., 6.50%, 5/15/15                               | 2,952,000     |
|  |   | 13,847,406    |

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|   |  |                    |
|---|--|--------------------|
| <b>Multi-Utilities 1.1%</b>                 |  |                    |
| 239,645                                     | AES Trust III, 6.75%, 10/15/29   | 12,015,800         |
| <b>Oil, Gas &amp; Consumable Fuels 2.9%</b> |  |                    |
| 220,325                                     | Apache Corp., 6.00%, 8/1/13  | 10,309,007         |
| 119,250                                     | Chesapeake Energy Corp.,<br>5.00%, 12/31/49 (c)                          | 10,590,890         |
| 1,200                                       | 5.75%, 05/17/15 (a)(b)(c)  | 1,315,050          |
| 124,235                                     | PetroQuest Energy, Inc., 6.875%, 12/31/49 (c)                            | 3,917,279          |
| 29,215                                      | Sanchez Energy Corp., (a)(b)(c)<br>4.875%, 12/31/49                      | 1,683,514          |
| 63,305                                      | 6.50%, 12/31/49  | 3,790,387          |
|   |  | 31,606,127         |
| <b>Real Estate Investment Trust 3.9%</b>    |  |                    |
| 439,700                                     | Alexandria Real Estate Equities, Inc., 7.00%, 12/31/49 (c)               | 12,377,555         |
| 707,605                                     | FelCor Lodging Trust, Inc., 1.95%, 12/31/49, Ser. A (c)                  | 17,513,224         |
| 208,680                                     | Health Care REIT, Inc., 6.50%, 04/20/18, Ser. I (c)                      | 13,146,840         |
|   |  | 43,037,619         |
| <b>Road &amp; Rail 1.7%</b>                 |  |                    |
| 1,259,980                                   | 2010 Swift Mandatory Common Exchange Security Trust, 6.00%, 12/31/13 (b) | 18,410,702         |
|   | <b>Total Convertible Preferred Stock (cost-\$334,404,671)</b>            | <b>374,509,556</b> |

Principal

Amount

(000s)

|   |   |            |
|---|---|------------|
| <b>CONVERTIBLE BONDS &amp; NOTES 20.2%</b>    |   |            |
| <b>Aerospace &amp; Defense 1.1%</b>           |   |            |
| \$7,310                                       | GenCorp, Inc., 4.063%, 12/31/39           | 11,558,938 |
| <b>Biotechnology 0.6%</b>                     |   |            |
| 8,910   | Dendreon Corp., 2.875%, 1/15/16           | 6,704,775  |
| <b>Capital Markets 2.3%</b>                   |   |            |
| 10,755  | Ares Capital Corp., 5.75%, 2/1/16         | 11,857,387 |
| 13,195  | BGC Partners, Inc., 4.50%, 7/15/16        | 13,722,800 |
|   |   | 25,580,187 |
| <b>Commercial Services 1.0%</b>               |   |            |
| 11,795  | Cenveo Corp., 7.00%, 5/15/17              | 10,888,259 |
| <b>Construction Materials 0.8%</b>            |   |            |
| 7,645   | Cemex S.A.B. de C.V., 4.875%, 3/15/15     | 9,231,337  |
| <b>Electrical Equipment 1.1%</b>              |   |            |
| 9,100   | EnerSys, 3.375%, 6/1/38 (e)               | 12,370,358 |
| <b>Hotels, Restaurants &amp; Leisure 2.0%</b> |   |            |
| 9,075   | MGM Resorts International, 4.25%, 4/15/15 | 10,339,828 |

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|        |   |            |
|--------|---|------------|
| 11,940 | Morgans Hotel Group Co., 2.375%, 10/15/14     | 11,641,500 |
|        |   | 21,981,328 |
|        | <b>IT Services 1.1%</b>                       |            |
| 5,180  | Alliance Data Systems Corp., 1.75%, 8/1/13    | 11,661,475 |
|        | <b>Machinery 3.9%</b>                         |            |
| 10,115 | Greenbrier Cos, Inc., 3.50%, 4/1/18           | 10,639,716 |
|        | Meritor, Inc.,                                |            |
| 12,480 | 4.625%, 3/1/26 (e)                            | 12,667,200 |
| 5,655  | 7.875%, 3/1/26 (a)(b)                         | 7,160,644  |
| 11,335 | Navistar International Corp., 3.00%, 10/15/14 | 11,639,628 |
| 150    | Terex Corp., 4.00%, 6/1/15                    | 343,031    |
|        |   | 42,450,219 |

**AllianzGI Convertible & Income Fund Schedule of Investments**

May 31, 2013 (unaudited) (continued)

| Principal Amount (000s) |  | Value*                  |
|-------------------------|--|-------------------------|
|                         | <b>Media 0.7%</b>  |                         |
| \$4,505                 | Liberty Interactive LLC, 3.125%, 3/30/23                           | \$ 7,650,053            |
|                         | <b>Oil, Gas &amp; Consumable Fuels 1.0%</b>                        |                         |
| 2,300                   | Endeavour International Corp., 5.50%, 7/15/16                      | 1,355,562               |
| 3,685                   | PDC Energy, Inc., 3.25%, 5/15/16 (a)(b)                            | 5,112,938               |
| 5,500                   | Peabody Energy Corp., 4.75%, 12/15/41                              | 4,760,937               |
|                         |  | 11,229,437              |
|                         | <b>Road &amp; Rail 0.1%</b>  |                         |
| 550                     | Avis Budget Group, Inc., 3.50%, 10/1/14                            | 1,136,094               |
|                         | <b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>           |                         |
| 9,920                   | SunPower Corp., 4.75%, 4/15/14                                     | 10,670,200              |
|                         | <b>Software 1.4%</b>   |                         |
| 6,335                   | Nuance Communications, Inc., 2.75%, 8/15/27                        | 7,570,325               |
| 7,490                   | TeleCommunication Systems, Inc., 7.75%, 6/30/18                    | 7,447,869               |
|                         |  | 15,018,194              |
|                         | <b>Thriffs &amp; Mortgage Finance 0.7%</b>                         |                         |
| 6,535                   | MGIC Investment Corp., 5.00%, 5/1/17                               | 7,053,716               |
|                         | <b>Tobacco 1.4%</b>  |                         |
| 13,060                  | Vector Group Ltd., 2.50%, 1/15/19 (f)                              | 15,423,599              |
|                         | Total Convertible Bonds & Notes (cost- \$178,679,389)              | 220,608,169             |
|                         | <b>SHORT-TERM INVESTMENT 2.2%</b>                                  |                         |
|                         | <b>Time Deposit 2.2%</b>   |                         |
| 24,351                  | Wells Fargo-Grand Cayman, 0.03%, 6/3/13 (cost- \$24,351,335)       | 24,351,335              |
|                         | <b>Total Investments</b> (cost- \$1,001,134,938) (g) <b>100.0%</b> | <b>\$ 1,093,512,440</b> |

**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 a quotation reporting system, established market makers, or independent pricing services. The Fund's investments are valued daily 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 - Form N-Q

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial derivative instruments in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation method to Allianz Global Investors Fund Management LLC (the Investment Manager) and Allianz Global Investors U.S. LLC (the Sub-Adviser). 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 valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

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

The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and these differences could be material. The Fund's net asset value ( NAV ) is normally determined at 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 \$87,033,484, representing 8.0% 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) Perpetual maturity. The date shown, if any, is the next call date.
- (d) 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.
- (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 income based on the actual dividends paid on its common stock.
- (g) At May 31, 2013, the cost basis of portfolio securities for federal income tax purposes was \$1,004,129,700. Gross unrealized appreciation was \$120,129,876; gross unrealized depreciation was \$30,747,136; and net unrealized appreciation was \$89,382,740. The difference between book and tax cost basis was attributable to the differing treatment of bond premium amortization and to wash sale loss deferrals.

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**AllianzGI Convertible & Income Fund Schedule of Investments**

May 31, 2013 (unaudited) (continued)

**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 Committees' own assumptions and securities whose price was determined by using a single broker's quote)

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.

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets equity securities 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 bonds. 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 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 corporate bonds & notes are categorized as Level 2. To the extent that these inputs are unobservable the values are categorized as Level 3.

The valuation techniques used by the Fund to measure fair value during the three months ended May 31, 2013 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 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 of the valuation techniques used. Investments categorized as Level 1 or 2 as of period end may have been transferred between Levels

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1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

A summary of the inputs used at May 31, 2013 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):



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

|   | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>5/31/13 |
|---|--------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b> |                          |  |  |                     |
| Corporate Bonds & Notes                 |                          | \$ 474,043,380                                       |  | \$ 474,043,380      |
| Convertible Preferred Stock:            |                          |  |  |                     |
| Airlines                                |                          | 15,260,367   |  | 15,260,367          |
| Biotechnology                           |                          |  | \$ 12,003,390                                    | 12,003,390          |
| Capital Markets                         |                          | 11,113,400   |  | 11,113,400          |
| Commercial Banks                        | \$ 10,165,500            | 12,837,500   |  | 23,003,000          |
| Commercial Services & Supplies          |                          | 10,557,914   |  | 10,557,914          |
| Communications Equipment                |                          | 11,146,916   | 13,439,200                                       | 24,586,116          |
| Computers & Peripherals                 |                          |  | 12,931,207                                       | 12,931,207          |
| Health Care Providers & Services        |                          | 13,851,810   |  | 13,851,810          |
| Insurance                               | 10,325,401               |  | 14,355,315                                       | 24,680,716          |
| Internet & Catalog Retail               |                          |  | 13,020,889                                       | 13,020,889          |
| Metals & Mining                         | 9,000,976                | 4,846,430  |  | 13,847,406          |
| Oil, Gas & Consumable Fuels             | 10,309,007               | 21,297,120   |  | 31,606,127          |
| Road & Rail                             |                          | 18,410,702   |  | 18,410,702          |
| All Other                               | 149,636,512              |  |  | 149,636,512         |
| Convertible Bonds & Notes               |                          | 220,608,169  |  | 220,608,169         |
| Short-Term Investments                  |                          | 24,351,335   |  | 24,351,335          |
| Totals                                  | \$ 189,437,396           | \$ 838,325,043                                       | \$ 65,750,001                                    | \$ 1,093,512,440    |

At May 31, 2013, there were no transfers between Levels 1 and 2.

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

**AllianzGI Convertible & Income Fund Schedule of Investments**

May 31, 2013 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended May 31, 2013, was as follows:

|                                  | Beginning<br>Balance<br>2/28/13 | Purchases            | Sales                  | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net Change<br>in<br>Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level<br>3 | Transfers<br>out<br>of<br>Level<br>3 | Ending<br>Balance<br>5/31/13 |
|----------------------------------|---------------------------------|----------------------|------------------------|------------------------------------|-----------------------------------|---|---------------------------------|--------------------------------------|------------------------------|
| <b>Investments in Securities</b> |                                 |                      |                        |                                    |                                   |   |                                 |                                      |                              |
| <b>Assets</b>                    |                                 |                      |                        |                                    |                                   |   |                                 |                                      |                              |
| Convertible Preferred Stock:     |                                 |                      |                        |                                    |                                   |   |                                 |                                      |                              |
| Biotechnology                    |                                 | \$ 12,124,497        |                        |                                    |                                   | \$ (121,107)  |                                 |                                      | \$ 12,003,390                |
| Communications Equipment         | \$ 14,013,654                   |                      |                        |                                    |                                   | (574,454)   |                                 |                                      | 13,439,200                   |
| Computer Storage & Peripherals   | 11,138,123                      |                      | \$ (14,162,877)        |                                    |                                   | 3,024,754   |                                 |                                      |                              |
| Computers & Peripherals          |                                 | 13,019,681           |                        |                                    |                                   | (88,474)  |                                 |                                      | 12,931,207                   |
| Insurance                        |                                 | 13,596,003           |                        |                                    |                                   | 759,312   |                                 |                                      | 14,355,315                   |
| Internet & Catalog Retail        |                                 | 13,104,825           |                        |                                    |                                   | (83,936)  |                                 |                                      | 13,020,889                   |
| <b>Totals</b>                    | <b>\$ 25,151,777</b>            | <b>\$ 51,845,006</b> | <b>\$ (14,162,877)</b> |                                    |                                   | <b>\$ 2,916,095</b>   |                                 |                                      | <b>\$ 65,750,001</b>         |

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized as Level 3 at May 31, 2013:

| Investments in Securities Assets | Ending Balance<br>at 5/31/13 | Valuation<br>Technique Used | Unobservable Inputs | Input Values      |
|----------------------------------|------------------------------|-----------------------------|---------------------|-------------------|
| Convertible Preferred Stock      | \$ 65,750,001                | Third-Party Vendor          | Single Broker Quote | \$ 23.78-\$797.36 |

Stock conversion.

The net change in unrealized appreciation/depreciation of Level 3 investments, which the Fund held at May 31, 2013, was \$(108,659).

**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 (17 CFR 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

By /s/ Brian S. Shlissel  
Brian S. Shlissel

President & Chief Executive Officer

Date: July 22, 2013

By /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: July 22, 2013

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/ Brian S. Shlissel  
Brian S. Shlissel

President & Chief Executive Officer

Date: July 22, 2013

By /s/ Lawrence G. Altadonna  
Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: July 22, 2013