Allianz International Investment Funds

Allianz RCM BRIC Stars Fund

Interim Short Form Report for the period ended 31st October 2011

Fund Information

Fund manager	Michael Konstantinov	
Launch date	25th March 2004[1]	
Fund benchmark	25% MSCI Brazil, 25% MSCI Russia, 25% MSCI India, 25% MSCI China, (total return net) rebasing annually to 1st January	
Annual charge	1.75%	
	ISA	**Direct**
Initial charge	3%	4%
Minimum investment	£1,000	£500
Additional investment	£1,000	£500
Regular savings plan	£200	£50
Ex dividend dates	1st May	
Payment dates	30th June	
Share classes & types	A (Accumulation) C (Accumulation)	

[1] This relates to the 'C' share class. The 'A' share class launched on 22nd February 2006.

Please note: The information shown above is for the 'A' shareclass of the Fund.

Total Expense Ratio

30th April 2011	
'A' Shares	1.94%
'C' Shares	1.19%

Total Expense Ratio represents all operating charges and expenses as a percentage of a Fund's net asset value. It includes the annual ACD fee as well as all the administrative expenses incurred by the Fund.

Dear Investor,

The report below, as prescribed by the Financial Services Authority (FSA), aims to provide clear and concise information enabling you to make an informed judgement on your investment, during the period covered. We continually strive to enhance the information we send to you and we would welcome any comments you may have. A long form version of the report and accounts can still be viewed at www.allianzglobalinvestors.co.uk. Alternatively, call our Investor Services team on 0800 317 573 to request a copy. Thank you for your continued investment with Allianz Global Investors.

Investment Objective & Policy

The Fund aims to achieve capital growth in the long term by investing mainly in the equity markets of Brazil, Russia, India and China.

The ACD will invest at least two thirds of the Fund's assets in equities and securities equivalent to equities (e.g. American Depositary Receipts, Global Depositary Receipts) issued by companies that have their registered office in the Federal Republic of Brazil, the Russian Federation, the Republic of India or the People's Republic of China ("BRIC countries"), or which generate a significant proportion of their sales and/or earnings in BRIC countries. The following may also be acquired and counted towards the two third limit; warrants, index certificates, certificates on adequately diversified equity baskets that apply to at least 10 equities and other transferable securities. Up to one third of the Fund's assets may be invested outside the BRIC countries including developed economies and/or other emerging markets.

The ACD may also utilise deposits in the management of the portfolio. The Fund may also invest in collective investment schemes. Money market instruments may be acquired and their value, together with money market funds, may make up to a maximum of 20% of the the Fund's assets. Subject to any constraints imposed by the regulations of the Financial Services Authority, exceeding the above limits or failing to reach them is permitted if the overall market risk remains within the limits set out above.

Risk Profile

Equity Risk: Equities are generally more risky than fixed interest securities. Considerable fluctuations in equity prices may mean that you do not get all your money back.

Allianz Global Investors

Exchange Rates: Exchange rate movements may cause the value of any overseas investments, and any revenue from them, to go up or down.

Concentrated Portfolio: Lower diversification and active stock selection may give rise to more risk and substantially increase the risk of loss.

Smaller Companies: Smaller companies may be riskier and less liquid than larger companies, which means that their share price may be more volatile.

Emerging Markets and Liquidity: Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Restrictive dealing, custody and settlement practices may be prevalent. A counterparty may not pay or deliver on time or as expected. As a result, settlement may be delayed and the cash or securities could be disadvantaged. Securities of many companies in emerging markets are less liquid and their prices more volatile than securities of comparable companies in more sizeable markets.

Investment Review

Performance summary: Over the period under review, from 1st May 2011 to 31st October 2011, the Funds 'A' class shares produced a total return of -17.98%. The Fund's benchmark, a customised BRIC Index consisting of 25% MSCI Brazil, 25% MSCI Russia, 25% MSCI India and 25% MSCI China, produced a total return of -15.07% over the period.*

The key reason for this underperformance was stock selection. The portfolio lagged its benchmark mainly due to adverse stock selection in the Consumer Discretionary and Consumer Staples sectors. Regionally, stock selection within India detracted from performance.

Market background: Global equity markets were significantly under pressure over the reporting period. Markets were stressed by three concerns, which are interrelated: too much debt weighing on the global economy especially in the developed world, a lack of political leadership and concerns about limitations of economic policy options, while at the same time economic data pointing at a slowdown in activity. The European debt crisis dominated investors risk perception and led to significant volatility.

Whilst markets moved rather sideways in the first half of the reporting period, they experienced major pullbacks in August and September followed by a relief rally in October. The obvious inability of politicians to address the debt problems increasingly unnerved the markets. Within Emerging Markets, rising fears about a stronger than expected slowdown in China ("hard landing") further increased uncertainty. Whilst at the beginning of the year inflation fears within the BRIC countries were in the focus of investors, concerns centered increasingly on the growth outlook as tightening measures remained in place. Restrictive measures in China with regard to the real estate market as well as the shadow banking system caught attention. Slower growing money supply is one of the first indications of a moderation in Chinese economic activity. According to the new 5-Year-Plan, the new growth target will be 7% for China, down from 7.5%. Going forward, the focus of the economy will be more on domestic demand rather than exports and investments.

However, the aspired growth rates are still exceeded so concerns about a strong slow down appear overdone. Inflation was also the focus in the other BRIC countries, especially in Brazil and India.

* Source: Allianz Global Investors/Datastream. Fund performance based on end of day prices, net of fees and expenses, with net revenue re-invested in Sterling. Benchmark performance based on end of day prices.

Performance Record

		Highest Price (p)	Lowest Price (p)
'A' Shares	2006[1]	125.9	83.4
	2007	199.0	119.6
	2008	202.7	72.9
	2009	168.2	80.6
	2010	190.1	155.3
	2011[2]	194.0	129.4
'C' Shares	2006	126.5	83.6
	2007	200.9	120.1
	2008	204.8	74.0
	2009	172.4	82.1
	2010	196.4	159.3
	2011[2]	200.8	134.4

[1] For the period 22nd February 2006 to 31st December 2006
[2] For the period to 31st October 2011

Summary of Fund Performance

Share class	Net Asset Value 31st October 2011 £000s	Net Asset Value 30th April 2011 £000s	Net Asset Value per share 31st October 2011 (p)	Net Asset Value per share 30th April 2011 (p)	Change %
'A' Shares	568,376	760,736	150.7	183.4	(17.8)
'C' Shares	113,175	141,760	156.6	191.3	(18.1)

Summary of Distribution

Share class	Payment date	Net distribution per share (p)
'A' Shares	30th June 2011	0.0000
'C' Shares	30th June 2011	0.7424

Please note: Investors are reminded that the Fund distributes annually.

At the end of August, Brazil became the first of the four countries to end the tightening cycle as it actually lowered interest rates. The focus of the Brazilian central bank has thus shifted from fighting inflation to a more expansive policy to support economic growth.

Whilst China, India and Brazil performed in line over the reporting period, the Russian market slightly lagged the others.

Portfolio review: We continue to see similar risk return combinations for all four BRIC markets. We therefore pursued only minor changes in country allocation, where we slightly reduced our weightings in Russia and Brazil. We continue to have a slight overweight in China and a slight underweight in India. As we believe tightening fiscal and monetary policies in the BRIC countries will come to an end on the back of an improved inflation outlook, we started to slowly reposition the portfolio with a focus on domestic demand sectors. As a result the portfolio has an overweight in sectors such as Consumer Services, Health Care, Financials, Information Technology against an underweight in Utilities, Telecommunication and Food & Beverages/Tobacco.

Outlook: Increased financial system risk in the developed world and ever mounting doubts that the US and Europe can address the issues have eroded investor and consumer sentiment and increased the risk of a global economic slowdown. Whilst current growth momentum might be poor and downside risks are increasing, an outright global recessionary scenario remains relatively low risk. In our view, the outlook for the BRIC countries is better than widely perceived as for example, falling raw material prices should have the same effect as cutting taxes and governments and central banks have some leeway for economic stimulus to offset slower growth.

Classification of Investments

Ten Largest Holdings as at 31st October 2011	(%)
Gazprom ADR (Representing 4 ordinary shares - UK IOB listed)	6.65
Petroleo Brasileiro ADR (US Listed)	4.18
Vale	3.98
Sberbank of Russia	3.93
Infosys Technologies	3.48
Industrial & Commerical Bank	3.00
Agricultural Bank of China	2.94
China Mobile	2.87
Banco Bradesco Sponsored ADR (US listed)	2.71
CNOOC	2.58
Total	**36.32**

Ten Largest Holdings as at 30th April 2011	(%)
Gazprom ADR (Representing 4 ordinary shares)	8.95
Petroleo Brasileiro Petrobas Sponsored ADR	4.96
Cia Vale Rio Doce ADR	4.32
Sberbank of Russia	3.88
Industry & Commerce Bank	3.05
Banco Itau Financeira ADR (Representing 50 ordinary shares)	2.46
Infosys Technologies	2.41
Reliance Industries	2.37
Banco Bradesco Sponsored ADR	2.26
AIA	2.25
Total	**36.91**

Geographical Breakdown as at 31st October 2011	(%)
Brazil	24.34
Cayman Islands	2.49
China	18.70
Hong Kong	2.10
India	21.30
Luxembourg	0.82
Russia	19.39
United Kingdom	0.42
United States of America	7.82
Derivatives	0.01
Net other assets	2.61
Net Assets	**100.00**

Geographical Breakdown as at 30th April 2011	(%)
Brazil	23.30
Cayman Islands	0.00
China	18.01
Hong Kong	3.60
India	17.82
Luxembourg	1.06
Russia	23.50
United Kingdom	0.70
United States of America	7.02
Derivatives	0.00
Net other assets	4.99
Net Assets	**100.00**

Our long-term outlook on the BRIC markets remains positive. The BRIC economies are continuing their growth path despite the turbulences in the developed world. The most important growth driver for all the BRICs is domestic demand. We believe that this decade is going to be the decade of the BRIC consumer and the global economic balance will shift towards Emerging Markets and especially the BRIC countries.

Driven by domestic demand, not by exports, the BRICs appear more resilient to a global crisis. The renewed risk aversion due to the sovereign debt crisis in Europe or the US, will highlight the resilience of the domestic economies in the BRICs and lead to a re-assessment of investors' equity exposure. We remain convinced that in the long term as we see this market correction bottom out and stabilise, that the BRIC countries will stand out as the nations with high levels of macro stability, good domestic dynamics, good growth dynamics and valuations which are close to the 2008/2009 lows.

The BRICs are expected to grow at levels similar to prior to the financial crisis. We expect home grown inflation and overheating problems to come to an end and accordingly also monetary and fiscal tightening. Therefore, when we see a market recovery and declined inflation this should support domestic demand and related stocks which is how we have positioned our portfolio.

18th November 2011

The contents of this Investment Review are based on the views of the manager at the time of writing, which may be subject to change.

Further Information

The information in this report is designed to enable shareholders to make an informed judgement on the activities of the Fund during the period covered by the report and the results of those activities at the end of the period.

More information on the performance and make-up of this Fund is available on our Fund factsheets, which you can view via our Literature Library on www.allianzglobalinvestors.co.uk. You can also request a valuation at any time by calling 0800 073 2001. Alternatively, our Investor Services team will be happy to respond to any issues you may wish to raise with them regarding product information and Fund performance. If you have invested via a financial adviser, you should contact them first if you wish to discuss your investment in greater detail.

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