

AllianzGI Convertible & Income Fund
Form N-Q
July 23, 2015

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)

Lawrence G. Altadonna

1633 Broadway,

New York, NY 10019

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(Name and address of agent for service)

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

Date of fiscal year end: February 29, 2016

Date of reporting period: May 31, 2015

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

May 31, 2015 (unaudited)

Principal

Amount
(000s)

Value*

| Amount (000s) | | Value* |
|--|---|--------------|
| CORPORATE BONDS & NOTES 41.1% | | |
| Advertising 0.4% | | |
| \$5,650 | Affinion Group, Inc., 7.875%, 12/15/18 | \$ 3,983,250 |
| Aerospace & Defense 0.8% | | |
| 250 | Bombardier, Inc., 6.00%, 10/15/22 (a)(b) | 227,812 |
| 7,135 | Erickson, Inc., 8.25%, 5/1/20 | 5,440,438 |
| 3,215 | Kratos Defense & Security Solutions, Inc., 7.00%, 5/15/19 | 2,877,425 |
| | | 8,545,675 |
| Air Freight & Logistics 0.7% | | |
| 6,820 | XPO Logistics, Inc., 7.875%, 9/1/19 (a)(b) | 7,348,550 |
| Auto Components 0.8% | | |
| 4,180 | Chassix, Inc., 9.25%, 8/1/18 (a)(b)(c) | 3,594,800 |
| 5,280 | Goodyear Tire & Rubber Co., 8.25%, 8/15/20 | 5,570,400 |
| | | 9,165,200 |
| Auto Manufacturers 0.8% | | |
| 7,410 | Chrysler Group LLC, 8.25%, 6/15/21 | 8,202,870 |
| Chemicals 0.7% | | |
| 7,500 | Chemours Co., 6.625%, 5/15/23 (a)(b) | 7,631,250 |
| Commercial Services 2.2% | | |
| 11,500 | Cenveo Corp., 11.50%, 5/15/17 | 11,859,375 |
| 5,705 | DynCorp International, Inc., 10.375%, 7/1/17 | 4,535,475 |
| 7,375 | Monitronics International, Inc., 9.125%, 4/1/20 | 7,282,812 |
| | | 23,677,662 |
| Construction Materials 0.7% | | |
| 7,310 | US Concrete, Inc., 8.50%, 12/1/18 | 7,785,150 |
| Consumer Finance 0.9% | | |
| 3,210 | Navient Corp., 8.45%, 6/15/18 | 3,603,225 |
| 4,935 | Springleaf Finance Corp., 8.25%, 10/1/23 | 5,650,575 |
| | | 9,253,800 |

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| | | |
|---|---|------------|
| Distribution/Wholesale 0.9% | | |
| 8,170 | HD Supply, Inc., 11.00%, 4/15/20 | 9,293,375 |
| Diversified Consumer Services 0.6% | | |
| 6,815 | Cambium Learning Group, Inc., 9.75%, 2/15/17 | 6,942,781 |
| Diversified Financial Services 1.5% | | |
| Community Choice Financial, Inc., | | |
| 10,085 | 10.75%, 5/1/19 | 4,992,075 |
| 7,130 | 12.75%, 5/1/20 (a)(b) | 3,386,750 |
| Nationstar Mortgage LLC / Nationstar Capital Corp., | | |
| 2,500 | 7.875%, 10/1/20 | 2,546,875 |
| 5,300 | 9.625%, 5/1/19 | 5,664,375 |
| | | 16,590,075 |
| Electrical Components & Equipment 1.2% | | |
| 13,585 | WireCo WorldGroup, Inc., 9.50%, 5/15/17 | 12,634,050 |
| Electronic Equipment, Instruments & Components 1.5% | | |
| 7,725 | Kemet Corp., 10.50%, 5/1/18 | 7,879,500 |
| 7,500 | Viasystems, Inc., 7.875%, 5/1/19 (a)(b) | 7,978,125 |
| | | 15,857,625 |
| Food & Staples Retailing 0.5% | | |
| 5,000 | US Foods, Inc., 8.50%, 6/30/19 | 5,237,500 |
| Independent Power & Renewable Electricity Producers 0.3% | | |
| 3,055 | TerraForm Power Operating LLC, 5.875%, 2/1/23 (a)(b) | 3,161,925 |
| Health Care Providers & Services 0.8% | | |
| Tenet Healthcare Corp., | | |
| 3,500 | 5.00%, 3/1/19 (a)(b) | 3,504,375 |
| 4,530 | 8.125%, 4/1/22 | 4,949,025 |
| | | 8,453,400 |
| Healthcare-Products 0.9% | | |
| 8,885 | Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18 | 9,578,030 |

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AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

Principal

| Amount (000s) | | Value* |
|------------------|---|---------------|
| | Hotels, Restaurants & Leisure 0.9% | |
| \$8,405 | MGM Resorts International, 11.375%, 3/1/18 | \$ 10,128,025 |
| | Household Durables 1.2% | |
| | Beazer Homes USA, Inc., | |
| 2,945 | 7.25%, 2/1/23 | 2,886,100 |
| 5,045 | 9.125%, 5/15/19 | 5,259,412 |
| 3,950 | Jarden Corp., 7.50%, 5/1/17 | 4,364,750 |
| | | 12,510,262 |
| | Household Products/Wares 0.8% | |
| 7,610 | Reynolds Group Issuer, Inc., 9.875%, 8/15/19 | 8,090,381 |
| | Internet 0.4% | |
| 8,395 | Affinion Investments LLC, 13.50%, 8/15/18 | 4,742,949 |
| | Internet Software & Services 1.2% | |
| | EarthLink, Inc., | |
| 2,800 | 7.375%, 6/1/20 | 2,943,500 |
| 10,060 | 8.875%, 5/15/19 | 10,512,700 |
| | | 13,456,200 |
| | Iron/Steel 0.6% | |
| 7,305 | AK Steel Corp., 8.375%, 4/1/22 | 6,382,744 |
| | Lodging 0.3% | |
| 12,385 | Caesars Entertainment Operating Co., Inc., 12.75%, 4/15/18 (c) | 3,220,100 |
| | Machinery 1.1% | |
| 5,250 | BlueLine Rental Finance Corp., 7.00%, 2/1/19 (a)(b) | 5,446,875 |
| 6,755 | Navistar International Corp., 8.25%, 11/1/21 | 6,788,775 |
| | | 12,235,650 |
| | Media 3.3% | |
| 5,500 | AMC Entertainment, Inc., 9.75%, 12/1/20 | 6,019,475 |
| 5,000 | CCO Holdings LLC / CCO Holdings Capital Corp., 7.00%, 1/15/19 | 5,203,125 |
| 8,355 | McClatchy Co., 9.00%, 12/15/22 | 8,177,456 |
| 8,220 | McGraw-Hill Global Education Holdings LLC / McGraw-Hill Global Education Finance, 9.75%, 4/1/21 | 9,144,750 |
| 3,745 | Mood Media Corp., 9.25%, 10/15/20 (a)(b) | 3,239,425 |
| 4,671 | SFX Entertainment, Inc., 9.625%, 2/1/19 (a)(b) | 4,063,770 |
| | | 35,848,001 |

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| | | |
|---|---|------------|
| Metals & Mining 2.0% | | |
| 6,590 | ArcelorMittal, 10.60%, 6/1/19 | 8,015,087 |
| 3,680 | HudBay Minerals, Inc., 9.50%, 10/1/20 | 3,956,000 |
| | Thompson Creek Metals Co., Inc., | |
| 8,295 | 7.375%, 6/1/18 | 7,258,125 |
| 2,830 | 12.50%, 5/1/19 | 2,730,950 |
| | | 21,960,162 |
| Miscellaneous Manufacturing 0.7% | | |
| 7,350 | Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b) | 7,046,813 |
| Oil & Gas 1.7% | | |
| 5,055 | BreitBurn Energy Partners LP / BreitBurn Finance Corp., 7.875%, 4/15/22 | 4,473,675 |
| 9,050 | Energy XXI Gulf Coast, Inc., 9.25%, 12/15/17 | 6,221,875 |
| 6,038 | United Refining Co., 10.50%, 2/28/18 | 6,370,090 |
| 1,000 | Vanguard Natural Resources LLC / VNR Finance Corp., 7.875%, 4/1/20 | 985,000 |
| | | 18,050,640 |
| Oil, Gas & Consumable Fuels 1.5% | | |
| 2,840 | Arch Coal, Inc., 9.875%, 6/15/19 | 639,000 |
| 5,050 | EP Energy LLC / Everest Acquisition Finance, Inc., 9.375%, 5/1/20 | 5,517,125 |
| 5,615 | Linn Energy LLC / Linn Energy Finance Corp., 6.50%, 5/15/19 | 4,871,012 |
| 4,530 | Sanchez Energy Corp., 6.125%, 1/15/23 | 4,326,150 |
| 730 | Ultra Petroleum Corp., 6.125%, 10/1/24 (a)(b) | 674,338 |
| | | 16,027,625 |

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AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

| Principal | | | |
|------------------|--|--|--------------|
| Amount (000s) | | | Value* |
| | Packaging & Containers 0.7% | | |
| \$6,692 | Tekni-Plex, Inc., 9.75%, 6/1/19 (a)(b) | | \$ 7,181,386 |
| | Paper & Forest Products 0.3% | | |
| 3,000 | Louisiana-Pacific Corp., 7.50%, 6/1/20 | | 3,225,000 |
| | Pharmaceuticals 0.6% | | |
| 2,290 | Endo Finance LLC & Endo Finco, Inc., 5.375%, 1/15/23 (a)(b) | | 2,244,200 |
| 4,000 | Valeant Pharmaceuticals International, Inc., 7.50%, 7/15/21 (a)(b) | | 4,386,000 |
| | | | 6,630,200 |
| | Real Estate Investment Trust 0.3% | | |
| 3,085 | Kennedy-Wilson, Inc., 5.875%, 4/1/24 | | 3,146,700 |
| | Retail 0.9% | | |
| 9,465 | Neiman Marcus Group Ltd. LLC, 8.00%, 10/15/21 (a)(b) | | 10,198,538 |
| | Semiconductors & Semiconductor Equipment 0.8% | | |
| 3,745 | Amkor Technology, Inc., 6.375%, 10/1/22 | | 3,852,669 |
| 4,584 | Freescale Semiconductor, Inc., 10.75%, 8/1/20 | | 4,910,610 |
| | | | 8,763,279 |
| | Software 1.7% | | |
| | First Data Corp., | | |
| 5,645 | 8.25%, 1/15/21 (a)(b) | | 6,033,094 |
| 1,834 | 10.625%, 6/15/21 | | 2,077,005 |
| 9,045 | 12.625%, 1/15/21 | | 10,616,569 |
| | | | 18,726,668 |
| | Specialty Retail 1.2% | | |
| 4,160 | Caleres, Inc., 7.125%, 5/15/19 | | 4,326,400 |
| 3,500 | Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b) | | 3,123,750 |
| 5,500 | Conn's, Inc., 7.25%, 7/15/22 (a)(b) | | 5,307,500 |
| | | | 12,757,650 |
| | Telecommunications 1.2% | | |
| 7,415 | Consolidated Communications, Inc., 10.875%, 6/1/20 | | 8,332,606 |
| 5,660 | Windstream Corp., 7.50%, 4/1/23 | | 5,108,150 |
| | | | 13,440,756 |

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|--|---|-------------|
| Transportation 0.7% | | |
| 6,837 | Quality Distribution LLC, 9.875%, 11/1/18 | 7,230,127 |
| Wireless Telecommunication Services 0.8% | | |
| 7,205 | Sprint Communications, Inc., 11.50%, 11/15/21 | 8,772,088 |
| | Total Corporate Bonds & Notes (cost-\$467,371,850) | 443,114,112 |
| Shares | | |
| CONVERTIBLE PREFERRED STOCK 39.4% | | |
| Aerospace & Defense 1.3% | | |
| 239,625 | United Technologies Corp., 7.50%, 8/1/15 | 14,597,955 |
| Automobiles 1.6% | | |
| 532,000 | The Goldman Sachs Group, Inc., 8.00%, 12/17/15 (General Motors) (d) | 17,812,424 |
| Banks 4.3% | | |
| 9,695 | Huntington Bancshares, Inc., 8.50% (e) | 13,187,624 |
| 1,064,500 | JPMorgan Chase & Co., 8.00%, 9/18/15 (Bank of America) (d) | 16,308,140 |
| 13,990 | Wells Fargo & Co., 7.50%, Ser. L (e) | 16,911,531 |
| | | 46,407,295 |
| Diversified Financial Services 1.4% | | |
| 13,220 | Bank of America Corp., 7.25%, Ser. L (e) | 15,143,510 |
| Electric Utilities 0.4% | | |
| 85,390 | Exelon Corp., 6.50%, 6/1/17 | 4,125,191 |
| Electronic Equipment, Instruments & Components 1.5% | | |
| 738,000 | Bank of America Corp., 8.00%, 2/17/16 (Corning, Inc.) (d) | 15,896,520 |
| Food Products 1.5% | | |
| 326,360 | Wells Fargo & Co., 8.00%, 8/28/15 (Archer-Daniels-Midland Co.) (d) | 15,998,167 |

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AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

| Shares | | Value* |
|---------|--|---------------|
| | Health Care Equipment & Supplies 1.7% | |
| 273,890 | Credit Suisse, 8.00%, 6/23/15 (Medtronic, Inc.) (d) | \$ 18,575,220 |
| | Health Care Providers & Services 3.7% | |
| 119,390 | Anthem, Inc., 5.25%, 5/1/18 | 6,499,592 |
| 240,300 | JPMorgan Chase & Co., 8.00%, 5/5/16 (HCA Holding, Inc.) (d) | 18,760,221 |
| 127,130 | The Goldman Sachs Group, Inc., 8.00%, 3/31/16 (Laboratory Corp. of America Holdings) (d) | 15,149,828 |
| | | 40,409,641 |
| | Independent Power & Renewable Electricity Producers 1.0% | |
| 91,960 | Dynegy, Inc., 5.375%, 11/1/17 | 10,297,681 |
| | Internet Software & Services 1.3% | |
| 349,200 | Barclays Bank PLC, 8.00%, 10/28/15 (Twitter, Inc.) (d) | 14,111,172 |
| | Machinery 1.9% | |
| 171,185 | Stanley Black & Decker, Inc., 6.25%, 11/17/16 | 20,026,933 |
| | Metals & Mining 1.6% | |
| 75,220 | Alcoa, Inc., 5.375%, 10/1/17 | 3,297,645 |
| 792,720 | ArcelorMittal, 6.00%, 1/15/16 | 13,922,145 |
| | | 17,219,790 |
| | Multiline Retail 1.5% | |
| 258,000 | The Goldman Sachs Group, Inc., 8.00%, 1/14/16 (Macy's, Inc.) (d) | 16,627,842 |
| | Multi-Utilities 1.7% | |
| 239,645 | AES Trust III, 6.75%, 10/15/29 | 12,169,173 |
| 128,500 | Dominion Resources, Inc., 6.375%, 7/1/17 | 6,505,955 |
| | | 18,675,128 |
| | Oil, Gas & Consumable Fuels 0.8% | |
| 14,100 | Energy XXI Bermuda Ltd., 5.625% (e) | 564,000 |
| 124,235 | PetroQuest Energy, Inc., 6.875% (e) | 2,655,523 |
| 34,155 | Sanchez Energy Corp., 6.50%, 4/6/18 (e) | 1,207,379 |
| 85,500 | Southwestern Energy Co., 6.25%, 1/15/18 | 4,723,875 |
| | | 9,150,777 |
| | Pharmaceuticals 1.3% | |
| 13,080 | Actavis PLC, 5.50%, 3/1/18 | 13,864,408 |
| | Real Estate Investment Trust 4.3% | |
| 439,700 | Alexandria Real Estate Equities, Inc., 7.00% (e) | 12,929,906 |

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| | | |
|--|---|--------------------|
| 798,310 | FelCor Lodging Trust, Inc., 1.95%, Ser. A (e) | 20,556,482 |
| 208,680 | Health Care REIT, Inc., 6.50%, 4/20/18, Ser. I (e) | 13,368,563 |
| | | 46,854,951 |
| Semiconductors & Semiconductor Equipment 3.0% | | |
| 246,000 | Barclays Bank PLC, 8.00%, 11/9/15 (Lam Research Corp.) (d) | 18,622,200 |
| 530,000 | Wells Fargo & Co., 8.00%, 6/18/15 (Micron Technology, Inc.) (d) | 13,361,300 |
| | | 31,983,500 |
| Specialty Retail 1.8% | | |
| 13,250 | Barnes & Noble, Inc., 7.75%, 8/18/21 (a)(b) | 18,979,797 |
| Technology Hardware, Storage & Peripherals 1.8% | | |
| 150,500 | Bank of America Corp., 8.00%, 5/10/16 (Apple Inc.) (d) | 19,434,065 |
| | Total Convertible Preferred Stock (cost-\$413,232,924) | 426,191,967 |

Principal

Amount

(000s)

| | | |
|--|--|------------|
| CONVERTIBLE BONDS & NOTES 18.4% | | |
| Capital Markets 3.3% | | |
| \$7,740 | Ares Capital Corp., 5.75%, 2/1/16 | 7,981,875 |
| 13,195 | BGC Partners, Inc., 4.50%, 7/15/16 | 14,539,241 |
| 16,490 | Walter Investment Management Corp., 4.50%, 11/1/19 | 12,944,650 |
| | | 35,465,766 |
| Commercial Services 1.8% | | |
| 20,305 | Cenveo Corp., 7.00%, 5/15/17 | 19,873,519 |

AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

Principal

| Amount (000s) | | Value* |
|------------------|---|---------------|
| | Diversified Consumer Services 1.0% | |
| \$13,510 | Ascent Capital Group, Inc., 4.00%, 7/15/20 | \$ 11,120,419 |
| | Insurance 0.4% | |
| 3,965 | HCI Group, Inc., 3.875%, 3/15/19 | 3,863,397 |
| | Life Sciences Tools & Services 0.4% | |
| 4,420 | Sequenom, Inc., 5.00%, 10/1/17 | 4,414,475 |
| | Machinery 2.4% | |
| | Meritor, Inc., | |
| 12,480 | 4.625%, 3/1/26 | 12,643,800 |
| 6,975 | 7.875%, 3/1/26 | 11,417,203 |
| 2,290 | Navistar International Corp., 4.75%, 4/15/19 | 2,078,175 |
| | | 26,139,178 |
| | Oil, Gas & Consumable Fuels 2.6% | |
| 17,495 | Cobalt International Energy, Inc., 2.625%, 12/1/19 | 13,613,297 |
| 9,295 | Energy XXI Ltd., 3.00%, 12/15/18 | 3,160,300 |
| 15,890 | Goodrich Petroleum Corp., 5.00%, 10/1/32 | 9,355,237 |
| 1,825 | Stone Energy Corp., 1.75%, 3/1/17 | 1,684,703 |
| | | 27,813,537 |
| | Personal Products 1.3% | |
| 16,165 | Herbalife Ltd., 2.00%, 8/15/19 (a) | 14,316,209 |
| | Pharmaceuticals 0.8% | |
| 9,135 | IGI Laboratories, Inc., 3.75%, 12/15/19 (a)(b) | 8,312,850 |
| | Real Estate Investment Trust 0.6% | |
| 7,070 | IAS Operating Partnership LP, 5.00%, 3/15/18 (a)(b) | 6,857,900 |
| | Software 1.0% | |
| 10,320 | TeleCommunication Systems, Inc., 7.75%, 6/30/18 | 10,165,200 |
| | Thriffs & Mortgage Finance 0.7% | |
| 6,535 | MGIC Investment Corp., 5.00%, 5/1/17 | 7,413,140 |
| | Tobacco 2.1% | |
| | Vector Group Ltd., (f) | |
| 5,665 | 1.75%, 4/15/20 | 6,082,794 |
| 11,865 | 2.50%, 1/15/19 | 16,728,772 |

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| | | |
|-----------------------------------|---|-------------------------|
| | | 22,811,566 |
| | Total Convertible Bonds & Notes (cost-\$186,964,102) | 198,567,156 |
| SHORT-TERM INVESTMENT 1.1% | | |
| | Time Deposit 1.1% | |
| 11,395 | JPMorgan Chase & Co.-Nassau, 0.03%, 6/1/15 (cost-\$11,395,473) | 11,395,473 |
| | Total Investments (cost-\$1,078,964,349) (g) 100.0% | \$ 1,079,268,708 |

AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

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 official closing prices, 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 broker/dealer quotations, or by using the last sale or settlement price on the exchange that is the primary market for such securities, or the mean between the last bid and ask quotations. 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.

The Board of Trustees (the Board) has adopted procedures for valuing portfolio securities and other financial instruments in circumstances where market quotations are not readily available, and has delegated primary responsibility for applying the valuation methods to Allianz Global Investors Fund Management LLC (the Investment Manager) and Allianz Global Investors U.S. LLC (the Sub-Adviser), an affiliate of the Investment Manager. The Fund's Valuation Committee was established by the Board to oversee the implementation of the Fund's valuation methods and to make fair value determinations on behalf of the Board, as instructed by the Board. 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 and ratify 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 debt instruments 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 premium or discount based on their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Fund to value investments may differ from the value that would be realized if the investments were sold, and these differences could be material. The Fund's net asset value (NAV) is normally determined 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 \$144,246,032, representing 13.4% 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) In default.
- (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.

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- (e) Perpetual maturity. The date shown, if any, is the next call date.

- (f) In addition to the coupon rate shown, the issuer is expected to pay additional interest based on the actual dividends paid on its common stock.

- (g) At May 31, 2015, the cost basis of portfolio securities for federal income tax purposes was \$1,087,101,523. Gross unrealized appreciation was \$66,161,321, gross unrealized depreciation was \$73,994,136 and net unrealized depreciation was \$7,832,815. The differences between book and tax cost basis were attributable to wash sale loss deferrals and the differing treatment of bond amortization.

AllianzGI Convertible & Income Fund

May 31, 2015 (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 Committee's own assumptions and single broker's quote)

The valuation techniques used by the Fund to measure fair value during the three months ended May 31, 2015 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

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

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

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

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

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

categorized as Level 3.

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AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

A summary of the inputs used at May 31, 2015 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments for more detailed information on Investments in Securities):

| | Level 1 Quoted Prices | Level 2 Other Significant Observable Inputs | Level 3 Significant Unobservable Inputs | Value at 5/31/15 |
|--|--------------------------|--|--|---------------------|
| Investments in Securities Assets | | | | |
| Corporate Bonds & Notes | \$ | \$ 443,114,112 | \$ | \$ 443,114,112 |
| Convertible Preferred Stock: | | | | |
| Automobiles | | | 17,812,424 | 17,812,424 |
| Banks | 16,911,531 | 13,187,624 | 16,308,140 | 46,407,295 |
| Electronic Equipment, Instruments & Components | | | 15,896,520 | 15,896,520 |
| Food Products | | | 15,998,167 | 15,998,167 |
| Health Care Equipment & Supplies | | | 18,575,220 | 18,575,220 |
| Health Care Providers & Services | 6,499,592 | | 33,910,049 | 40,409,641 |
| Internet Software & Services | | | 14,111,172 | 14,111,172 |
| Metals & Mining | 3,297,645 | 13,922,145 | | 17,219,790 |
| Multiline Retail | | | 16,627,842 | 16,627,842 |
| Multi-Utilities | 12,169,173 | 6,505,955 | | 18,675,128 |
| Oil, Gas & Consumable Fuels | 4,723,875 | 4,426,902 | | 9,150,777 |
| Real Estate Investment Trust | 20,556,482 | 26,298,469 | | 46,854,951 |
| Semiconductors & Semiconductor Equipment | | | 31,983,500 | 31,983,500 |
| Specialty Retail | | 18,979,797 | | 18,979,797 |
| Technology Hardware, Storage & Peripherals | | | 19,434,065 | 19,434,065 |
| All Other | 78,055,678 | | | 78,055,678 |
| Convertible Bonds & Notes | | 198,567,156 | | 198,567,156 |
| Short-Term Investment | | 11,395,473 | | 11,395,473 |
| Totals | \$ 142,213,976 | \$ 736,397,633 | \$ 200,657,099 | \$ 1,079,268,708 |

At May 31, 2015, securities valued at \$67,627,368 were transferred from Level 1 to Level 2. This transfer was the result of securities with exchange-traded closing prices at February 28, 2015, using evaluated mean prices at May 31, 2015.

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AllianzGI Convertible & Income Fund

May 31, 2015 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended May 31, 2015, was as follows:

| | Beginning Balance 2/28/15 | Purchases | Sales | Accrued Discounts (Premiums) | Net Realized Gain (Loss) | Net Change in Unrealized Appreciation/ Depreciation | Transfers into Level 3 | Transfers out of Level 3 | Ending Balance 5/31/15 |
|---|---------------------------------|----------------------|------------------------|------------------------------------|-----------------------------------|---|---------------------------------|--------------------------------------|------------------------------|
| Investments in Securities Assets | | | | | | | | | |
| Convertible Preferred Stock: | | | | | | | | | |
| Automobiles | \$ 18,538,604 | \$ | \$ | \$ | \$ | \$ (726,180) | \$ | \$ | \$ 17,812,424 |
| Banks | 16,265,560 | | | | | 42,580 | | | 16,308,140 |
| Electronic Equipment, Instruments & Components | 18,073,620 | | | | | (2,177,100) | | | 15,896,520 |
| Energy Equipment & Services | 17,643,294 | | (19,489,102) | | | 1,845,808 | | | |
| Food Products | 15,175,740 | | | | | 822,427 | | | 15,998,167 |
| Health Care Equipment & Supplies | 19,120,261 | | | | | (545,041) | | | 18,575,220 |
| Health Care Providers & Services | 20,297,075 | 34,697,388 | (21,035,429) | | 2,992,332 | (3,041,317) | | | 33,910,049 |
| Internet Software & Services | 16,482,240 | | | | | (2,371,068) | | | 14,111,172 |
| Multiline Retail | 16,338,624 | | | | | 289,218 | | | 16,627,842 |
| Oil, Gas & Consumable Fuels | 14,301,428 | | (14,612,820) | | (3,577,006) | 3,888,398 | | | |
| Pharmaceuticals | 16,504,768 | | (19,741,621) | | 3,039,542 | 197,311 | | | |
| Semiconductors & Semiconductor Equipment | 34,291,700 | | | | | (2,308,200) | | | 31,983,500 |
| Technology Hardware, Storage & Peripherals | 21,315,600 | 19,068,350 | (20,597,732) | | 3,862,567 | (4,214,720) | | | 19,434,065 |
| Totals | \$ 244,348,514 | \$ 53,765,738 | \$ (95,476,704) | \$ | \$ 6,317,435 | \$ (8,297,884) | \$ | \$ | \$ 200,657,099 |

Conversion

The following table presents additional information about valuation techniques and inputs used for investments that are measured at fair value and categorized within Level 3 at May 31, 2015:

| | Ending Balance at 5/31/15 | Valuation Technique Used | Unobservable Inputs | Input Values |
|---|------------------------------|-----------------------------|------------------------|-------------------|
| Investments in Securities Assets | | | | |
| Convertible Preferred Stock | \$ 200,657,099 | Third-Party Pricing Vendor | Single Broker Quote | \$ 15.32-\$129.13 |
| The net change in unrealized appreciation/depreciation of Level 3 investments held at May 31, 2015 was \$(7,394,988). | | | | |

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/ Julian Sluyters
Julian Sluyters,
President & Chief Executive Officer

Date: July 23, 2015

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

Date: July 23, 2015

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

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

Date: July 23, 2015

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

Date: July 23, 2015