

AllianzGI Convertible & Income Fund II
Form N-Q
January 24, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS
OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21338

AllianzGI Convertible & Income Fund II

(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY 10019

(Address of principal executive offices) (Zip code)

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

Scott Whisten

1633 Broadway,

New York, NY 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: November 30, 2018

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

November 30, 2018 (unaudited)

Principal

Amount

| (000s) | | Value* |
|--|--|--------------|
| CORPORATE BONDS & NOTES 37.3% | | |
| Aerospace & Defense 1.0% | | |
| \$5,750 | TransDigm, Inc., 6.50%, 5/15/25 | \$ 5,742,812 |
| 1,080 | Triumph Group, Inc., 7.75%, 8/15/25 | 996,300 |
| | | 6,739,112 |
| Auto Manufacturers 0.7% | | |
| 4,685 | Navistar International Corp., 6.625%, 11/1/25 (a)(b) | 4,655,766 |
| Chemicals 2.9% | | |
| 5,500 | Chemours Co., 6.625%, 5/15/23 | 5,596,250 |
| 3,640 | Kraton Polymers LLC, 7.00%, 4/15/25 (a)(b) | 3,321,500 |
| 1,465 | Olin Corp., 5.00%, 2/1/30 | 1,309,344 |
| 4,330 | Platform Specialty Products Corp., 6.50%, 2/1/22 (a)(b) | 4,427,425 |
| 810 | Tronox Finance PLC, 5.75%, 10/1/25 (a)(b) | 690,525 |
| 4,180 | Tronox, Inc., 6.50%, 4/15/26 (a)(b) | 3,626,150 |
| | | 18,971,194 |
| Commercial Services 0.7% | | |
| 5,974 | Conveo Corp., 6.00%, 5/15/24, (cost-\$7,623,154; purchased 3/22/12) (a)(b)(c)(d)(f)(h) | 328,570 |
| 1,810 | Laureate Education, Inc., 8.25%, 5/1/25 (a)(b) | 1,941,225 |
| 2,500 | United Rentals North America, Inc., 5.50%, 7/15/25 | 2,443,750 |
| | | 4,713,545 |
| Computers 1.4% | | |
| 3,976 | DynCorp International, Inc., PIK 1.50%, 11.875%, 11/30/20 | 4,144,807 |
| 5,650 | Harland Clarke Holdings Corp., 9.25%, 3/1/21 (a)(b) | 5,240,375 |
| | | 9,385,182 |
| Distribution/Wholesale 0.6% | | |
| 4,110 | H&E Equipment Services, Inc., 5.625%, 9/1/25 | 3,847,987 |
| Diversified Financial Services 2.9% | | |
| 6,000 | Community Choice Financial Issuer LLC, 9.00%, 9/6/20 (a)(b) | 5,997,210 |
| | Community Choice Financial, Inc. (d)(f), | |

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

| | | |
|-------|--|------------|
| 7,465 | 10.75%, 5/1/19 | 3,433,900 |
| 5,370 | 12.75%, 5/1/20 (a)(b) | 1,530,450 |
| 1,200 | Navient Corp., 7.25%, 9/25/23 | 1,210,500 |
| 3,865 | Springleaf Finance Corp., 8.25%, 10/1/23 | 4,077,575 |
| 2,730 | Travelport Corporate Finance PLC, 6.00%, 3/15/26 (a)(b) | 2,702,700 |
| | | 18,952,335 |
| | Electric Utilities 0.7% | |
| 4,265 | NRG Energy, Inc., 6.25%, 5/1/24 | 4,376,956 |
| | Electronic Equipment, Instruments & Components 0.2% | |
| 1,225 | Energizer Holdings, Inc., 5.50%, 6/15/25 (a)(b) | 1,127,766 |
| | Engineering & Construction 0.9% | |
| 2,165 | AECOM, 5.125%, 3/15/27 | 1,977,186 |
| 3,900 | Tutor Perini Corp., 6.875%, 5/1/25 (a)(b) | 3,753,750 |
| | | 5,730,936 |
| | Entertainment 1.2% | |
| 3,810 | AMC Entertainment Holdings, Inc., 6.125%, 5/15/27 | 3,390,900 |
| 3,045 | Cedar Fair L.P., 5.375%, 6/1/24 | 3,045,000 |
| 1,515 | International Game Technology PLC, 6.25%, 1/15/27 (a)(b) | 1,518,787 |
| | | 7,954,687 |
| | Healthcare-Products 0.4% | |
| 2,755 | Mallinckrodt International Finance S.A., 5.75%, 8/1/22 (a)(b) | 2,513,938 |
| | Healthcare-Services 2.3% | |
| 1,880 | Centene Corp., 5.375%, 6/1/26 (a)(b) | 1,896,450 |
| 2,165 | Community Health Systems, Inc., 6.25%, 3/31/23 | 2,016,156 |
| 4,125 | DaVita, Inc., 5.125%, 7/15/24 | 3,980,625 |
| 1,325 | Encompass Health Corp., 5.75%, 11/1/24 | 1,331,625 |
| 2,950 | HCA, Inc., 7.50%, 2/15/22 | 3,193,375 |
| 2,750 | Tenet Healthcare Corp., 7.00%, 8/1/25 | 2,691,563 |
| | | 15,109,794 |

Schedule of Investments

AllianzGI Convertible & Income Fund II

November 30, 2018 (unaudited) (continued)

Principal

Amount

| (000s) | | Value* |
|---|---|--------------|
| Home Builders 0.3% | | |
| \$1,745 | Beazer Homes USA, Inc., 8.75%, 3/15/22 | \$ 1,776,934 |
| Insurance 0.5% | | |
| 3,320 | Prudential Financial, Inc., 5.70%, 9/15/48 (converts to FRN on 9/15/28) (g) | 3,139,475 |
| Internet 0.3% | | |
| 2,200 | Netflix, Inc., 5.875%, 2/15/25 | 2,249,500 |
| Iron/Steel 0.7% | | |
| | AK Steel Corp., | |
| 1,550 | 7.00%, 3/15/27 | 1,294,250 |
| 1,005 | 7.50%, 7/15/23 | 1,017,563 |
| 2,165 | United States Steel Corp., 6.875%, 8/15/25 | 2,062,162 |
| | | 4,373,975 |
| Lodging 0.4% | | |
| 1,000 | Wyndham Hotels & Resorts, Inc., 5.375%, 4/15/26 (a)(b) | 967,500 |
| 2,165 | Wynn Las Vegas LLC, 5.50%, 3/1/25 (a)(b) | 2,067,575 |
| | | 3,035,075 |
| Machinery-Construction & Mining 0.5% | | |
| 3,585 | Terex Corp., 5.625%, 2/1/25 (a)(b) | 3,303,757 |
| Media 1.5% | | |
| 5,630 | Cablevision Systems Corp., 8.00%, 4/15/20 | 5,869,275 |
| 2,850 | Gray Television, Inc., 5.875%, 7/15/26 (a)(b) | 2,778,750 |
| 3,589 | LiveStyle, Inc., 9.625%, 2/1/19, (cost-\$3,593,544; purchased 5/7/14-2/26/15) (a)(b)(c)(d)(f)(h)(j) | 72 |
| 1,330 | Meredith Corp., 6.875%, 2/1/26 (a)(b) | 1,363,250 |
| | | 10,011,347 |
| Metal Fabricate/Hardware 0.4% | | |
| 2,920 | Park-Ohio Industries, Inc., 6.625%, 4/15/27 | 2,897,188 |
| Mining 1.9% | | |
| 3,900 | Alcoa Nederland Holding BV, 7.00%, 9/30/26 (a)(b) | 4,065,750 |
| 3,365 | Constellium NV, 6.625%, 3/1/25 (a)(b) | 3,230,400 |
| 2,135 | Hudbay Minerals, Inc., 7.625%, 1/15/25 (a)(b) | 2,129,662 |

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

| | | |
|---|--|------------|
| 3,050 | Joseph T. Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(b) | 3,255,875 |
| | | 12,681,687 |
| Miscellaneous Manufacturing 0.3% | | |
| 2,255 | Koppers, Inc., 6.00%, 2/15/25 (a)(b) | 2,029,500 |
| Oil, Gas & Consumable Fuels 3.8% | | |
| 2,300 | Calumet Specialty Products Partners L.P., 6.50%, 4/15/21 | 2,072,875 |
| 1,420 | Carrizo Oil & Gas, Inc., 6.25%, 4/15/23 | 1,359,650 |
| 2,500 | Chesapeake Energy Corp., 8.00%, 1/15/25 | 2,415,625 |
| | Enesco PLC, | |
| 450 | 5.20%, 3/15/25 | 338,904 |
| 3,565 | 7.75%, 2/1/26 | 2,954,494 |
| 6,180 | EP Energy LLC, 9.375%, 5/1/20 | 5,809,200 |
| 2,165 | NGL Energy Partners L.P., 7.50%, 11/1/23 | 2,123,865 |
| 2,095 | Noble Holding International Ltd., 7.75%, 1/15/24 | 1,840,981 |
| 3,745 | Oasis Petroleum, Inc., 6.875%, 3/15/22 | 3,712,231 |
| 2,580 | Transocean, Inc., 7.50%, 1/15/26 (a)(b) | 2,412,300 |
| | | 25,040,125 |
| Pharmaceuticals 1.5% | | |
| | Bausch Health Cos., Inc. (a)(b), | |
| 2,605 | 6.125%, 4/15/25 | 2,451,826 |
| 1,280 | 7.00%, 3/15/24 | 1,342,400 |
| 1,755 | Endo Finance LLC, 5.375%, 1/15/23 (a)(b) | 1,452,263 |
| 4,425 | Horizon Pharma USA, Inc., 6.625%, 5/1/23 | 4,413,937 |
| | | 9,660,426 |
| Pipelines 0.4% | | |
| 2,715 | Energy Transfer L.P., 5.50%, 6/1/27 | 2,715,000 |

Schedule of Investments

AllianzGI Convertible & Income Fund II

November 30, 2018 (unaudited) (continued)

Principal

Amount

| (000s) | | Value* |
|--------------------------------|---|--------------|
| Real Estate 1.2% | | |
| \$4,205 | Kennedy-Wilson, Inc., 5.875%, 4/1/24 | \$ 4,010,056 |
| 4,090 | Uniti Group L.P., 8.25%, 10/15/23 | 3,808,813 |
| | | 7,818,869 |
| Retail 0.8% | | |
| 4,370 | Conn s, Inc., 7.25%, 7/15/22 | 4,293,525 |
| 1,170 | L Brands, Inc., 6.875%, 11/1/35 | 1,002,912 |
| | | 5,296,437 |
| Semiconductors 1.1% | | |
| 4,090 | Advanced Micro Devices, Inc., 7.00%, 7/1/24 | 4,320,062 |
| 2,875 | Amkor Technology, Inc., 6.375%, 10/1/22 | 2,896,505 |
| | | 7,216,567 |
| Software 0.7% | | |
| 3,850 | Camelot Finance S.A., 7.875%, 10/15/24 (a)(b) | 3,821,125 |
| 685 | Rackspace Hosting, Inc., 8.625%, 11/15/24 (a)(b) | 582,250 |
| | | 4,403,375 |
| Telecommunications 4.7% | | |
| 865 | CenturyLink, Inc., 7.50%, 4/1/24, Ser. Y | 889,869 |
| 3,125 | Cincinnati Bell, Inc., 7.00%, 7/15/24 (a)(b) | 2,755,859 |
| 7,130 | Consolidated Communications, Inc., 6.50%, 10/1/22 | 6,684,375 |
| 4,045 | Frontier Communications Corp., 10.50%, 9/15/22 | 3,256,225 |
| 2,050 | GTT Communications, Inc., 7.875%, 12/31/24 (a)(b) | 1,891,125 |
| | Hughes Satellite Systems Corp., | |
| 1,130 | 6.625%, 8/1/26 | 1,055,138 |
| 3,500 | 7.625%, 6/15/21 | 3,669,575 |
| 5,545 | Sprint Communications, Inc., 11.50%, 11/15/21 | 6,434,972 |
| 1,425 | Sprint Corp., 7.625%, 3/1/26 | 1,464,188 |
| 6,283 | Windstream Services LLC, 6.375%, 8/1/23 (a)(b) | 2,905,887 |
| | | 31,007,213 |
| Transportation 0.4% | | |
| 2,940 | XPO Logistics, Inc., 6.50%, 6/15/22 (a)(b) | 3,002,475 |

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

Total Corporate Bonds & Notes (cost-\$274,813,805)

245,738,123

| CONVERTIBLE BONDS & NOTES 30.7% | | |
|--|--|-----------|
| Agriculture 1.4% | | |
| Vector Group Ltd. (g), | | |
| 4,335 | 3 mo. Cash Dividends on Common Stock + 1.75%, 2.15%, 4/15/20 | 4,438,082 |
| 4,685 | 3 mo. Cash Dividends on Common Stock + 2.50%, 2.90%, 1/15/19 | 4,828,741 |
| | | 9,266,823 |
| Apparel & Textiles 0.7% | | |
| 11,020 | Iconix Brand Group, Inc., 5.75%, 8/15/23 | 4,835,576 |
| Auto Manufacturers 1.0% | | |
| 4,675 | Navistar International Corp., 4.75%, 4/15/19 | 4,675,052 |
| 1,785 | Tesla, Inc., 0.25%, 3/1/19 | 1,917,759 |
| | | 6,592,811 |
| Biotechnology 1.5% | | |
| 7,260 | Intercept Pharmaceuticals, Inc., 3.25%, 7/1/23 | 6,986,196 |
| 1,750 | Omeros Corp., 6.25%, 11/15/23 (a)(b) | 1,689,970 |
| 1,355 | Verastem, Inc., 5.00%, 11/1/48 | 1,299,106 |
| | | 9,975,272 |
| Building Materials 0.7% | | |
| 3,225 | Cemex S.A.B de C.V., 3.72%, 3/15/20 | 3,172,390 |
| 1,725 | Patrick Industries, Inc., 1.00%, 2/1/23 (a)(b) | 1,398,675 |
| | | 4,571,065 |
| Chemicals 1.0% | | |
| 8,615 | Aceto Corp., 2.00%, 11/1/20 | 6,547,400 |
| Commercial Services 1.2% | | |
| 7,960 | Huron Consulting Group, Inc., 1.25%, 10/1/19 | 7,912,240 |
| Distribution/Wholesale 0.8% | | |
| 4,975 | Titan Machinery, Inc., 3.75%, 5/1/19 | 4,937,558 |

Schedule of Investments

AllianzGI Convertible & Income Fund II

November 30, 2018 (unaudited) (continued)

Principal

Amount

| (000s) | | Value* |
|---------|--|--------------|
| | Diversified Financial Services 2.3% | |
| \$7,030 | Encore Capital Group, Inc., 3.00%, 7/1/20 | \$ 6,531,643 |
| 9,160 | PRA Group, Inc., 3.00%, 8/1/20 | 8,622,885 |
| | | 15,154,528 |
| | Electrical Equipment 1.2% | |
| | SunPower Corp., | |
| 2,365 | 0.875%, 6/1/21 | 1,874,262 |
| 7,095 | 4.00%, 1/15/23 | 5,837,759 |
| | | 7,712,021 |
| | Electronics 0.8% | |
| 5,955 | OSI Systems, Inc., 1.25%, 9/1/22 | 5,528,455 |
| | Energy-Alternate Sources 2.9% | |
| 2,150 | Green Plains, Inc., 4.125%, 9/1/22 | 1,998,382 |
| 5,160 | Pattern Energy Group, Inc., 4.00%, 7/15/20 | 5,113,168 |
| 12,690 | Tesla Energy Operations, Inc., 1.625%, 11/1/19 | 11,935,161 |
| | | 19,046,711 |
| | Equity Real Estate Investment Trusts (REITs) 1.3% | |
| 3,025 | Two Harbors Investment Corp., 6.25%, 1/15/22 | 3,053,166 |
| 5,810 | Western Asset Mortgage Capital Corp., 6.75%, 10/1/22 | 5,659,695 |
| | | 8,712,861 |
| | Insurance 2.5% | |
| 8,400 | AmTrust Financial Services, Inc., 2.75%, 12/15/44 | 7,912,800 |
| 8,605 | AXA S.A., 7.25%, 5/15/21 (a)(b) | 8,642,182 |
| | | 16,554,982 |
| | Oil, Gas & Consumable Fuels 1.9% | |
| 4,905 | Chesapeake Energy Corp., 5.50%, 9/15/26 | 4,257,314 |
| 1,720 | Nabors Industries, Inc., 0.75%, 1/15/24 | 1,151,325 |
| 7,525 | Whiting Petroleum Corp., 1.25%, 4/1/20 | 7,143,498 |
| | | 12,552,137 |

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

| | | |
|--------------------------------|---|--------------------|
| Pharmaceuticals 2.4% | | |
| 9,210 | Dermira, Inc., 3.00%, 5/15/22 | 7,662,775 |
| 2,460 | Horizon Pharma Investment Ltd., 2.50%, 3/15/22 | 2,457,985 |
| 6,370 | Tilray, Inc., 5.00%, 10/1/23 (a)(b) | 5,405,124 |
| | | 15,525,884 |
| Pipelines 2.1% | | |
| 18,700 | Cheniere Energy, Inc., 4.25%, 3/15/45 | 14,052,695 |
| Semiconductors 0.4% | | |
| 2,970 | Veeco Instruments, Inc., 2.70%, 1/15/23 | 2,339,095 |
| Software 2.6% | | |
| 1,725 | Avaya Holdings Corp., 2.25%, 6/15/23 (a)(b) | 1,499,934 |
| 11,915 | Avid Technology, Inc., 2.00%, 6/15/20 | 10,842,579 |
| 2,130 | DocuSign, Inc., 0.50%, 9/15/23 (a)(b) | 1,997,060 |
| 3,015 | Synchronoss Technologies, Inc., 0.75%, 8/15/19 | 2,914,926 |
| | | 17,254,499 |
| Telecommunications 1.0% | | |
| 5,735 | GDS Holdings Ltd., 2.00%, 6/1/25 (a)(b) | 4,729,775 |
| 2,585 | Infinera Corp., 2.125%, 9/1/24 | 1,985,893 |
| | | 6,715,668 |
| Transportation 1.0% | | |
| 3,440 | Echo Global Logistics, Inc., 2.50%, 5/1/20 | 3,442,150 |
| 3,555 | Teekay Corp., 5.00%, 1/15/23 (a)(b) | 2,841,750 |
| | | 6,283,900 |
| | Total Convertible Bonds & Notes (cost-\$207,575,722) | 202,072,181 |

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

November 30, 2018 (unaudited) (continued)

| Shares | | Value* |
|--|---|---------------|
| CONVERTIBLE PREFERRED STOCK 28.2% | | |
| Banks 4.2% | | |
| 9,140 | Bank of America Corp., 7.25%, Ser. L (e) | \$ 11,699,200 |
| 12,835 | Wells Fargo & Co., 7.50%, Ser. L (e) | 16,220,231 |
| | | 27,919,431 |
| Chemicals 1.4% | | |
| 63,645 | International Flavors & Fragrances, Inc., 6.00%, 9/15/21 | 3,591,487 |
| 51,505 | Rayonier Advanced Materials, Inc., 8.00%, 8/15/19, Ser. A | 5,457,470 |
| | | 9,048,957 |
| Diversified Financial Services 0.2% | | |
| 30,145 | AMG Capital Trust II, 5.15%, 10/15/37 | 1,590,330 |
| Electric Utilities 5.2% | | |
| 83,335 | CenterPoint Energy, Inc., 7.00%, 9/1/21, Ser. B | 4,183,417 |
| 228,650 | Dominion Energy, Inc., 6.75%, 8/15/19, Ser. A | 11,078,092 |
| 111,635 | NextEra Energy, Inc., 6.123%, 9/1/19 | 6,631,119 |
| 121,195 | Sempra Energy, 6.00%, 1/15/21, Ser. A | 12,292,809 |
| | | 34,185,437 |
| Electronic Equipment, Instruments & Components 0.9% | | |
| 76,780 | Belden, Inc., 6.75%, 7/15/19 | 5,911,292 |
| Electronics 1.1% | | |
| 7,625 | Fortive Corp., 5.00%, 7/1/21, Ser. A | 7,493,469 |
| Equity Real Estate Investment Trusts (REITs) 5.3% | | |
| 7,795 | Crown Castle International Corp., 6.875%, 8/1/20, Ser. A | 8,445,618 |
| 43,045 | QTS Realty Trust, Inc., 6.50%, Ser. B (e) | 4,368,637 |
| 476,235 | RLJ Lodging Trust, 1.95%, Ser. A (e) | 12,072,558 |
| 149,485 | Welltower, Inc., 6.50%, Ser. I (e) | 9,753,896 |
| | | 34,640,709 |
| Gas Utilities 1.4% | | |

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

| | | |
|---|---|-------------|
| 184,475 | South Jersey Industries, Inc., 7.25%, 4/15/21 | 9,422,983 |
| Hand/Machine Tools 1.6% | | |
| 104,940 | Stanley Black & Decker, Inc., 5.375%, 5/15/20 | 10,256,280 |
| Healthcare-Products 2.1% | | |
| 214,580 | Becton Dickinson and Co., 6.125%, 5/1/20, Ser. A | 13,601,389 |
| Insurance 1.9% | | |
| 120,100 | Assurant, Inc., 6.50%, 3/15/21, Ser. D | 12,600,892 |
| Oil, Gas & Consumable Fuels 0.3% | | |
| 51,395 | Nabors Industries Ltd., 6.00%, 5/1/21 | 1,336,270 |
| 173,845 | Sanchez Energy Corp., 6.50%, Ser. B (e) | 625,842 |
| | | 1,962,112 |
| Pharmaceuticals 1.4% | | |
| 23,315 | Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18 | 9,478,713 |
| Real Estate 1.2% | | |
| 309,935 | Ready Capital Corp., 7.00%, 8/15/23 | 7,774,720 |
| | Total Convertible Preferred Stock (cost-\$187,256,463) | 185,886,714 |
| PREFERRED STOCK (a)(d)(f)(j) 1.3% | | |
| Media 1.3% | | |
| 3,554 | LiveStyle, Inc., Ser. A | 483,522 |
| 76,572 | LiveStyle, Inc., Ser. B (i) | 7,657,200 |
| 5,000 | LiveStyle, Inc., Ser. B (i) | 50 |
| | Total Preferred Stock (cost-\$12,855,447) | 8,140,772 |
| COMMON STOCK (a)(d)(f)(i) 0.2% | | |
| Advertising 0.2% | | |
| 133,715 | Affinion Group Holdings, Inc., Class A, (cost-\$2,371,020; purchased 11/9/15-11/12/15) (h) | 1,353,196 |

Schedule of Investments

AllianzGI Convertible & Income Fund II

November 30, 2018 (unaudited) (continued)

| Shares | | Value* |
|-------------------------|--|-----------------------|
| | Aerospace & Defense 0.0% | |
| 6,354 | Erickson, Inc. | \$ 176,196 |
| | Media 0.0% | |
| 90,407 | LiveStyle, Inc.(j) | 9 |
| | Total Common Stock (cost-\$7,842,203) | 1,529,401 |
| | | |
| Units | | |
| | WARRANTS (d)(f)(i) 0.0% | |
| | Commercial Services 0.0% | |
| 1,562,241 | Cenveo, Inc., strike price \$12.00, expires 6/10/24 (b) | 15 |
| | Media 0.0% | |
| 19,500 | LiveStyle, Inc., expires 11/30/21, Ser. C (a)(j) | 2 |
| | Total Warrants (cost-\$183,305) | 17 |
| | | |
| Principal Amount (000s) | | |
| | Repurchase Agreements 2.3% | |
| \$15,018 | State Street Bank and Trust Co., | |
| | dated 11/30/18, 0.42%, due 12/3/18, proceeds \$15,018,526; collateralized by U.S. Treasury Bonds, 3.375%, due 5/15/44, valued at \$15,321,290 including accrued interest (cost-\$15,018,000) | 15,018,000 |
| | Total Investments (cost-\$705,544,945) (k) 100.0% | 658,385,208 |
| | Liabilities in excess of other assets | (3,963,625) |
| | Preferred Shares | (271,525,000) |
| | Net Assets Applicable to Common Shareholders | \$ 382,896,583 |

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 or closing prices 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 (including in cases where available market quotations are deemed to be unreliable), and has delegated primary responsibility for applying the valuation methods to the investment manager, Allianz Global Investors U.S. LLC (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 necessary. The Investment Manager monitors the continued appropriateness of methods applied and identifies circumstances and events that may require fair valuation. The Investment Manager determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Investment Manager determines that a valuation method may no longer be appropriate, another valuation method previously approved by the Fund's Valuation Committee may be selected or the Fund's Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures adopted 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 Fund's Valuation Committee.

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 premiums or discounts based on their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Fund to value investments may differ from the value that would be realized if the investments were sold, and these differences could be material. The Fund's net asset value (NAV) is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern Time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business. In unusual circumstances, the Board or the Valuation Committee may in good faith determine the NAV as of 4:00 p.m., Eastern Time, notwithstanding an earlier, unscheduled close or halt of trading on the NYSE.

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$130,956,833, representing 19.9% 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 \$121,286,673, representing 18.4% of total investments.
- (c) In default.
- (d) Fair-Valued Securities with an aggregate value of \$14,963,182, representing 2.3% of total investments.
- (e) Perpetual maturity. The date shown, if any, is the next call date.
- (f) Level 3 security.

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

- (g) 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.
- (h) Restricted. The aggregate cost of such securities is \$13,587,718. The aggregate value is \$1,681,838, representing 0.3% of total investments.
- (i) Non-income producing.
- (j) 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.
- (k) At November 30, 2018, the cost basis of portfolio securities for federal income tax purposes was \$710,111,608. Gross unrealized appreciation was \$24,685,464; gross unrealized depreciation was \$76,411,864; and net unrealized depreciation was \$51,726,400. The difference between book and tax cost was attributable to wash sale loss deferrals and the differing treatment of bond premium amortization.

Fair Value Measurements

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

Level 1 quoted prices in active markets for identical investments that the Funds 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 Investment Manager's or Valuation Committee's own assumptions and securities whose price was determined by using a single broker's quote)

The valuation techniques used by the Fund to measure fair value during the nine months ended November 30, 2018 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 the 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 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 within Level 2 and Level 3, in accordance with accounting principles generally accepted in the United States of America.

Equity Securities (Common and Preferred Stock and Warrants) 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.

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

Convertible Bonds & Notes Convertible bonds & notes are valued by independent pricing services based on 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.

A summary of the inputs used at November 30, 2018 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 11/30/18 |
|--|----------------------------|--|--|-----------------------|
| Investments in Securities Assets | | | | |
| Corporate Bonds & Notes: | | | | |
| Commercial Services | | \$ 4,384,975 | \$ 328,570 | \$ 4,713,545 |
| Diversified Financial Services | | 13,987,985 | 4,964,350 | 18,952,335 |
| Media | | 10,011,275 | 72 | 10,011,347 |
| All Other | | 212,060,896 | | 212,060,896 |
| Convertible Bonds & Notes | | 202,072,181 | | 202,072,181 |
| Convertible Preferred Stock: | | | | |
| Chemicals | | 9,048,957 | | 9,048,957 |
| Diversified Financial Services | | 1,590,330 | | 1,590,330 |
| Electronics | | 7,493,469 | | 7,493,469 |
| Equity Real Estate Investment Trusts (REITs) | \$ 26,195,091 | 8,445,618 | | 34,640,709 |
| Hand/Machine Tools | | 10,256,280 | | 10,256,280 |
| Healthcare-Products | | 13,601,389 | | 13,601,389 |
| Oil, Gas & Consumable Fuels | 1,336,270 | 625,842 | | 1,962,112 |
| Pharmaceuticals | | 9,478,713 | | 9,478,713 |
| Real Estate | | 7,774,720 | | 7,774,720 |
| All Other | 90,040,035 | | | 90,040,035 |
| Preferred Stock | | | 8,140,772 | 8,140,772 |
| Common Stock | | | 1,529,401 | 1,529,401 |
| Warrants | | | 17 | 17 |
| Repurchase Agreements | | 15,018,000 | | 15,018,000 |
| Totals | \$ 117,571,396 | \$ 525,850,630 | \$ 14,963,182 | \$ 658,385,208 |

At November 30, 2018, securities valued at \$18,701,898 were transferred from Level 1 to Level 2. The transfer was the result of the securities having used an exchange-traded closing price on February 28, 2018, and then using an evaluated price from a third-party independent pricing vendor on November 30, 2018.

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the nine months ended November 30, 2018, was as follows:

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

| | Beginning Balance 2/28/18 | Purchases | Sales | Accrued Discount (Premiums) | Net Realized Gain (Loss) | Net Change in Unrealized Appreciation/ Depreciation | Transfers into Level 3 | Transfers out of Level 3 | Ending Balance 11/30/18 |
|---|---------------------------------|-----------|---------------------|-----------------------------------|-----------------------------------|---|------------------------------|-----------------------------------|-------------------------------|
| Investments in Securities Assets | | | | | | | | | |
| Corporate Bonds & Notes: | | | | | | | | | |
| Commercial Services | \$ | \$ | \$ | \$ | \$ | \$ | \$ 328,570* | \$ | \$ 328,570 |
| Diversified Financial Services | | | | | | | 4,964,350* | | 4,964,350 |
| Media | | | | | | | 72** | | 72 |
| Preferred Stock: | | | | | | | | | |
| Media | 8,491,150 | | (650,957) | | 181,840 | 118,739 | | | 8,140,772 |
| Common Stock: | | | | | | | | | |
| Advertising | 2,024,445 | | | | | (671,249) | | | 1,353,196 |
| Aerospace & Defense | 199,452 | | | | | (23,256) | | | 176,196 |
| Media | 9 | | | | | | | | 9 |
| Warrants: | | | | | | | | | |
| Commercial Services | 273 | | | | | (258) | | | 15 |
| Media | 2 | | | | | | | | 2 |
| Totals | \$ 10,715,331 | \$ | \$ (650,957) | \$ | \$ 181,840 | \$ (576,024) | \$ 5,292,992 | \$ | \$ 14,963,182 |

The table above includes Level 3 investments that are valued by brokers or independent pricing services.

* At November 30, 2018, securities valued at \$5,292,920 were transferred from Level 2 to Level 3. The transfer resulted from the lack of a current evaluated price from an independent pricing service at November 30, 2018 for the securities.

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

** At November 30, 2018, a security valued at \$72 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.

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 November 30, 2018:

| Investments in Securities Assets | Ending Balance at 11/30/18 | Valuation Technique Used | Unobservable Inputs | Input Values (Range) |
|---|----------------------------------|--------------------------------|---|--|
| Preferred Stock | \$483,522 | Market and Company Comparables | EV Multiples Applicable Liquidity Multiple Illiquidity Discount | 0.74x (0.38x - 1.26x) 1.60 25% |
| | \$7,567,200 | Market and Company Comparables | EV Multiples Illiquidity Discount | 0.74x (0.38x - 1.26x) 25% |
| Common Stock | \$1,353,196 | Market and Company Comparables | EV Multiples Illiquidity Discount | 5.18x (2.14x - 9.61x) 20% |
| | \$176,196 | Market and Company Comparables | EV Multiples M&A Transaction Multiples Illiquidity Discount | 0.65x (0.44x - 0.91x) 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.

The net change in unrealized appreciation/depreciation of Level 3 investments held at November 30, 2018 was \$(7,581,526).

Glossary:

FRN - Floating Rate Note

PIK - Payment-in-Kind

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 Investment Company Act of 1940 Act (the "1940 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 1940 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

Certifications pursuant to Rule 30a-2(a) under the 1940 Act are filed and attached here to as Exhibit 99_CERT:

SIGNATURES

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

Registrant: AllianzGI Convertible & Income Fund II

By /s/ Thomas J. Fuccillo
Thomas J. Fuccillo

President & Chief Executive Officer

Date: January 24, 2019

By /s/ Scott Whisten
Scott Whisten

Treasurer, Principal Financial & Accounting Officer

Date: January 24, 2019

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/ Thomas J. Fuccillo
Thomas J. Fuccillo

President & Chief Executive Officer

Date: January 24, 2019

By /s/ Scott Whisten
Scott Whisten

Treasurer, Principal Financial & Accounting Officer

Date: January 24, 2019