

AllianzGI Convertible & Income Fund
Form N-Q
July 22, 2016

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, 2017

Date of reporting period: May 31, 2016

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

May 31, 2016 (unaudited)

Principal Amount (000s)		Value*
CORPORATE BONDS & NOTES 39.0%		
Advertising 0.3%		
\$5,650	Affinion Group, Inc., 7.875%, 12/15/18	\$ 2,789,687
Aerospace & Defense 1.2%		
7,135	Erickson, Inc., 8.25%, 5/1/20	3,817,225
5,151	Kratos Defense & Security Solutions, Inc., 7.00%, 5/15/19	4,095,045
2,560	TransDigm, Inc., 6.50%, 5/15/25	2,608,000
		10,520,270
Air Freight & Logistics 1.1%		
2,830	XPO Logistics, Inc. (a)(b), 6.50%, 6/15/22	2,730,950
6,820	7.875%, 9/1/19	7,126,900
		9,857,850
Chemicals 1.4%		
7,500	Chemours Co., 6.625%, 5/15/23	6,768,750
5,745	OMNOVA Solutions, Inc., 7.875%, 11/1/18	5,788,088
		12,556,838
Commercial Services 2.4%		
11,500	Cenveo Corp., 11.50%, 5/15/17	10,953,750
5,705	DynCorp International, Inc., 10.375%, 7/1/17	4,678,100
7,375	Monitronics International, Inc., 9.125%, 4/1/20	6,084,375
		21,716,225
Commercial Services & Supplies 0.6%		
5,585	West Corp., 5.375%, 7/15/22 (a)(b)	5,075,369
Construction Materials 1.5%		
5,665	US Concrete, Inc., 6.375%, 6/1/24 (a)(b)	5,679,163
7,310	8.50%, 12/1/18	7,640,046
		13,319,209
Consumer Finance 0.9%		

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3,210	Navient Corp., 8.45%, 6/15/18	3,470,813
4,935	Springleaf Finance Corp., 8.25%, 10/1/23	4,885,650
		8,356,463
	Diversified Financial Services 1.9%	
1,992	Affinion International Holdings Ltd., 7.50%, 7/30/18 (a)(b)	1,643,323
	Community Choice Financial, Inc.,	
10,085	10.75%, 5/1/19	4,689,525
7,130	12.75%, 5/1/20 (a)(b)	3,422,400
	Nationstar Mortgage LLC / Nationstar Capital Corp.,	
2,500	7.875%, 10/1/20	2,381,250
5,300	9.625%, 5/1/19	5,551,750
		17,688,248
	Diversified Telecommunications Services 0.6%	
	Frontier Communications Corp.,	
4,400	10.50%, 9/15/22 (a)(b)	4,592,500
890	10.50%, 9/15/22	928,938
		5,521,438
	Electrical Components & Equipment 0.7%	
6,980	WireCo WorldGroup, Inc., 9.50%, 5/15/17	6,648,450
	Electronic Equipment, Instruments & Components 0.8%	
7,725	Kemet Corp., 10.50%, 5/1/18	7,300,125
	Entertainment 0.5%	
4,000	Cedar Fair LP / Canada's Wonderland Co. / Magnum Management Corp., 5.375%, 6/1/24	4,180,000
	Health Care Providers & Services 2.3%	
5,430	DaVita HealthCare Partners, Inc., 5.125%, 7/15/24	5,513,486
7,955	Kindred Healthcare, Inc., 8.75%, 1/15/23	7,815,787
	Tenet Healthcare Corp.,	
3,500	5.00%, 3/1/19	3,395,000
4,530	8.125%, 4/1/22	4,580,963
		21,305,236
	Healthcare-Products 1.0%	
8,885	Kinetic Concepts, Inc./KCI USA, Inc., 10.50%, 11/1/18	8,907,213
	Holding Companies-Diversified 0.6%	
5,865	Horizon Pharma Financing, Inc., 6.625%, 5/1/23	5,454,450
	Hotels, Restaurants & Leisure 1.1%	
8,405	MGM Resorts International, 11.375%, 3/1/18	9,623,725
	Household Durables 0.8%	
5,045	Beazer Homes USA, Inc., 9.125%, 5/15/19	4,956,712
1,800	Lennar Corp., 12.25%, 6/1/17	1,984,500
		6,941,212

Schedule of Investments

AllianzGI Convertible & Income Fund

May 31, 2016 (unaudited) (continued)

Principal Amount (000s)		Value*
Independent Power & Renewable Electricity Producers 1.3%		
\$5,585	NRG Energy, Inc., 6.25%, 5/1/24	\$ 5,457,595
7,090	TerraForm Power Operating LLC, 5.875%, 2/1/23 (a)(b)	6,310,100
		11,767,695
Internet & Catalog Retail 0.3%		
2,800	Netflix, Inc., 5.875%, 2/15/25	2,947,000
Internet Software & Services 1.9%		
	EarthLink Holdings Corp.,	
2,800	7.375%, 6/1/20	2,954,000
7,488	8.875%, 5/15/19	7,693,920
6,805	Rackspace Hosting, Inc., 6.50%, 1/15/24 (a)(b)	6,839,025
		17,486,945
Iron/Steel 0.6%		
7,305	AK Steel Corp., 8.375%, 4/1/22	5,652,244
Lodging 0.4%		
9,550	Caesars Entertainment Operating Co., Inc., 12.75%, 4/15/18 (c)	3,724,500
Machinery 1.4%		
5,250	BlueLine Rental Finance Corp., 7.00%, 2/1/19 (a)(b)	4,462,500
3,997	Commercial Vehicle Group, Inc., 7.875%, 4/15/19	3,937,045
6,755	Navistar International Corp., 8.25%, 11/1/21	4,814,288
		13,213,833
Media 1.7%		
7,370	Cablevision Systems Corp., 8.00%, 4/15/20	7,517,400
8,355	McClatchy Co., 9.00%, 12/15/22	7,979,025
4,671	SFX Entertainment, Inc., 9.625%, 2/1/19 (a)(b)(c)(d)	105,097
		15,601,522
Metals & Mining 2.7%		
6,590	ArcelorMittal, 10.85%, 6/1/19	7,767,962
3,680	HudBay Minerals, Inc., 9.50%, 10/1/20	3,072,800
2,250	Joseph T Ryerson & Son, Inc., 11.00%, 5/15/22 (a)(b)	2,351,250
	Thompson Creek Metals Co., Inc.,	
8,295	7.375%, 6/1/18	4,852,575
830	12.50%, 5/1/19	485,550

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5,975	United States Steel Corp., 8.375%, 7/1/21 (a)(b)	6,184,125
		24,714,262
	Miscellaneous Manufacturing 0.8%	
	Harland Clarke Holdings Corp. (a)(b),	
7,350	9.25%, 3/1/21	6,128,063
900	9.75%, 8/1/18	906,750
		7,034,813
	Multiline Retail 0.3%	
2,835	Dollar Tree, Inc., 5.75%, 3/1/23 (a)(b)	3,008,644
	Oil & Gas 0.2%	
2,700	Calumet Specialty Products Partners LP / Calumet Finance Corp., 6.50%, 4/15/21	1,822,500
450	Vanguard Natural Resources LLC / VNR Finance Corp., 7.00%, 2/15/23 (a)(b)	126,000
		1,948,500
	Oil, Gas & Consumable Fuels 0.9%	
500	Carrizo Oil & Gas, Inc., 6.25%, 4/15/23	488,750
7,225	EP Energy LLC / Everest Acquisition Finance, Inc., 9.375%, 5/1/20	4,714,312
4,530	Sanchez Energy Corp., 6.125%, 1/15/23	3,284,250
		8,487,312
	Paper & Forest Products 0.3%	
3,000	Louisiana-Pacific Corp., 7.50%, 6/1/20	3,110,625
	Pharmaceuticals 0.6%	
2,290	Endo Finance LLC & Endo Finco, Inc., 5.875%, 1/15/23 (a)(b)	1,986,575
4,000	Valeant Pharmaceuticals International, Inc., 7.50%, 7/15/21 (a)(b)	3,640,000
		5,626,575
	Real Estate Investment Trust 0.3%	
3,085	Kennedy-Wilson, Inc., 5.875%, 4/1/24	3,027,156
	Retail 0.8%	
9,465	Neiman Marcus Group Ltd. LLC, 8.00%, 10/15/21 (a)(b)	7,240,725
	Semiconductors & Semiconductor Equipment 1.0%	
3,745	Amkor Technology, Inc., 6.375%, 10/1/22	3,646,694
6,210	Micron Technology, Inc., 5.875%, 2/15/22	5,682,150
		9,328,844
	Specialty Retail 0.7%	
3,500	Claire's Stores, Inc., 9.00%, 3/15/19 (a)(b)	2,187,500
5,500	Conn's, Inc., 7.25%, 7/15/22	4,303,750
		6,491,250
	Technology Hardware, Storage & Peripherals 0.5%	
3,935	Western Digital Corp., 10.50%, 4/1/24 (a)(b)	4,082,563
	Telecommunications 1.9%	

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7,370	Consolidated Communications, Inc., 6.50%, 10/1/22	6,743,550
4,250	Hughes Satellite Systems Corp., 7.625%, 6/15/21	4,616,562
7,655	Windstream Corp., 7.50%, 4/1/23	6,257,963
		17,618,075
	Wireless Telecommunication Services 0.7%	
7,205	Sprint Communications, Inc., 11.50%, 11/15/21	6,700,650
	Total Corporate Bonds & Notes (cost-\$407,632,606)	356,575,741

Schedule of Investments

AllianzGI Convertible & Income Fund

May 31, 2016 (unaudited) (continued)

Principal Amount (000s)		Value*
CONVERTIBLE BONDS & NOTES 29.3%		
Air Freight & Logistics 0.2%		
\$2,280	Echo Global Logistics, Inc., 2.50%, 5/1/20	\$ 2,171,700
Automobiles 1.1%		
113,610	Fiat Chrysler, 7.875%, 12/15/16	7,604,769
2,850	Tesla Motors, Inc., 1.25%, 3/1/21	2,636,250
		10,241,019
Biotechnology 0.3%		
3,420	Cepheid, 1.25%, 2/1/21	2,924,100
Capital Markets 2.4%		
13,195	BGC Partners, Inc., 4.50%, 7/15/16	13,326,950
16,490	Walter Investment Management Corp., 4.50%, 11/1/19	8,183,162
		21,510,112
Commercial Services 2.1%		
20,305	Cenveo Corp., 7.00%, 5/15/17	18,947,103
Construction & Engineering 0.4%		
4,485	Layne Christensen Co., 4.25%, 11/15/18	3,952,406
Construction Materials 0.4%		
4,275	Cemex SAB de CV, 3.72%, 3/15/20	4,021,172
Consumer Finance 1.1%		
12,165	PRA Group, Inc., 3.00%, 8/1/20	9,709,191
Diversified Consumer Services 1.0%		
13,510	Ascent Capital Group, Inc., 4.00%, 7/15/20	8,688,619
Electrical Equipment 1.0%		
16,800	SolarCity Corp., 1.625%, 11/1/19	9,460,500
Electronic Equipment, Instruments & Components 0.4%		
3,615	TTM Technologies, Inc., 1.75%, 12/15/20	3,599,184
Energy Equipment & Services 0.6%		
5,985	Helix Energy Solutions Group, Inc., 3.25%, 3/15/32	5,442,609

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Health Care Providers & Services 0.3%		
2,850	Brookdale Senior Living, Inc., 2.75%, 6/15/18	2,825,063
Independent Power & Renewable Electricity Producers 0.9%		
9,230	NRG Yield, Inc., 3.25%, 6/1/20 (a)(b)	8,497,369
Insurance 0.7%		
7,680	AmTrust Financial Services, Inc., 2.75%, 12/15/44	6,067,200
Internet Software & Services 1.4%		
4,560	Blucora, Inc., 4.25%, 4/1/19	4,035,600
10,445	Gogo, Inc., 3.75%, 3/1/20	8,349,524
		12,385,124
Iron/Steel 0.2%		
1,425	AK Steel Corp., 5.00%, 11/15/19	1,517,625
IT Services 0.4%		
3,705	ServiceSource International, Inc., 1.50%, 8/1/18	3,188,616
Life Sciences Tools & Services 0.1%		
1,480	Fluidigm Corp., 2.75%, 2/1/34	951,825
Machinery 1.3%		
6,975	Meritor, Inc., 7.875%, 3/1/26	8,452,828
6,225	Navistar International Corp., 4.75%, 4/15/19	3,478,219
		11,931,047
Metals & Mining 0.3%		
2,850	Allegheny Technologies, Inc., 4.75%, 7/1/22	2,994,281
Oil, Gas & Consumable Fuels 2.1%		
12,815	Cheniere Energy, Inc., 4.25%, 3/15/45	7,312,559
17,495	Cobalt International Energy, Inc., 2.625%, 12/1/19	7,391,638
6,145	Whiting Petroleum Corp., 1.25%, 4/1/20 (a)(b)	4,700,925
		19,405,122
Personal Products 2.1%		
19,630	Herbalife Ltd., 2.00%, 8/15/19	19,200,692
Pharmaceuticals 1.6%		
3,705	ANI Pharmaceuticals, Inc., 3.00%, 12/1/19	3,971,297
3,260	Horizon Pharma Investment Ltd., 2.50%, 3/15/22	2,995,125
9,135	Teligent, Inc., 3.75%, 12/15/19	7,730,494
		14,696,916
Semiconductors & Semiconductor Equipment 1.5%		
4,570	Micron Technology, Inc., 3.00%, 11/15/43	3,347,525
	SunPower Corp.,	
1,995	0.875%, 6/1/21	1,493,756
9,405	4.00%, 1/15/23 (a)(b)	8,582,063
		13,423,344

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Software 0.8%		
8,695	FireEye, Inc., 1.625%, 6/1/35 (a)(b)	7,189,678
570	PROS Holdings, Inc., 2.00%, 12/1/19	485,925
		7,675,603
Specialty Retail 0.8%		
9,000	Restoration Hardware Holdings, Inc., zero coupon, 6/15/19 (a)(b)	7,126,875
Technology Hardware, Storage & Peripherals 0.4%		
5,130	Avid Technology, Inc., 2.00%, 6/15/20 (a)(b)	3,459,544
Textiles, Apparel & Luxury Goods 0.7%		
8,565	Iconix Brand Group, Inc., 1.50%, 3/15/18	6,236,391
Thrifts & Mortgage Finance 0.7%		
6,535	MGIC Investment Corp., 5.00%, 5/1/17	6,800,484
Tobacco 2.0%		
	Vector Group Ltd. (e),	
5,665	1.75%, 4/15/20	6,150,065
8,780	2.50%, 1/15/19	12,321,738
		18,471,803
	Total Convertible Bonds & Notes (cost-\$277,622,348)	267,522,639

Schedule of Investments

AllianzGI Convertible & Income Fund

May 31, 2016 (unaudited) (continued)

Shares		Value*
CONVERTIBLE PREFERRED STOCK 27.2%		
Banks 3.4%		
9,695	Huntington Bancshares, Inc., 8.50% (f)	\$ 13,563,111
13,990	Wells Fargo & Co., Ser. L, 7.50% (f)	17,198,886
		30,761,997
Commercial Services & Supplies 0.6%		
71,290	Stericycle, Inc., 5.25%, 9/15/18	5,649,732
Diversified Financial Services 1.7%		
13,220	Bank of America Corp., Ser. L, 7.25% (f)	15,275,710
Diversified Telecommunications Services 1.7%		
161,595	Frontier Communications Corp., Ser. A, 11.125%, 6/29/18	15,904,180
Electric Utilities 0.4%		
85,390	Exelon Corp., 6.50%, 6/1/17	4,032,116
Food Products 0.7%		
95,970	Tyson Foods, Inc., 4.75%, 7/15/17	6,768,764
Health Care Providers & Services 1.1%		
187,995	Anthem, Inc., 5.25%, 5/1/18	8,375,177
2,280	Kindred Healthcare, Inc., 7.50%, 12/1/17	1,392,738
		9,767,915
Independent Power & Renewable Electricity Producers 1.2%		
156,435	Dynegy, Inc., 5.375%, 11/1/17	10,576,570
Machinery 2.0%		
154,085	Stanley Black & Decker, Inc., 6.25%, 11/17/16	18,212,847
Media 0.0%		
6,750	SFX Entertainment, Inc., Ser. B, 9.00%, 9/17/19 (a)(c)(d)(g)	67
Metals & Mining 0.3%		
78,695	Alcoa, Inc., 5.375%, 10/1/17	2,593,001
Multi-Utilities 2.1%		
239,645	AES Trust III, 6.75%, 10/15/29	12,329,735
128,500	Dominion Resources, Inc., 6.375%, 7/1/17	6,444,275
		18,774,010

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Oil, Gas & Consumable Fuels 3.6%		
159,375	Anadarko Petroleum Corp., 7.50%, 6/7/18	6,215,625
40,000	Hess Corp., 8.00%, 2/1/19	3,042,800
173,410	Kinder Morgan, Inc., 9.75%, 10/26/18	7,928,305
124,235	PetroQuest Energy, Inc., 6.875% (f)	2,432,521
230,425	Sanchez Energy Corp., 6.50%, 4/16/18 (f)	5,488,724
116,800	Southwestern Energy Co., Ser. B, 6.25%, 1/15/18	3,766,800
87,160	WPX Energy, Inc., 6.25%, 7/31/18	4,401,580
		33,276,355
Pharmaceuticals 1.9%		
7,070	Allergan PLC, Ser. A, 5.50%, 3/1/18	5,971,746
13,805	Teva Pharmaceutical Industries Ltd., 7.00%, 12/15/18	11,750,126
		17,721,872
Real Estate Investment Trust 5.6%		
439,700	Alexandria Real Estate Equities, Inc., 7.00% (f)	14,400,175
798,310	FelCor Lodging Trust, Inc., Ser. A, 1.95% (f)	20,109,429
208,680	Welltower, Inc., 6.50% (f)	13,071,715
67,560	Weyerhaeuser Co., 6.375%, 7/1/16	3,429,346
		51,010,665
Wireless Telecommunication Services 0.9%		
114,005	T-Mobile US, Inc., 5.50%, 12/15/17	8,265,363
	Total Convertible Preferred Stock (cost-\$236,283,932)	248,591,164
Principal Amount (000s)		
SENIOR LOANS (a)(d)(g)(h) 0.7%		
Media 0.7%		
\$2,356	SFX Entertainment, Inc., 10.00%, 1/31/17, Term B, DIP, PIK (i)	2,355,956
3,712	SFXE Netherlands Holding Coöperatief U.A., 20.00%, 1/31/17, Term B, DIP, PIK	3,711,954
	Total Senior Loans (cost-\$6,067,910)	6,067,910
Shares		
COMMON STOCK 0.5%		
Advertising 0.5%		
173,720	Affinion Group Holdings, Inc., Class A (cost-\$3,080,312) (acquisition cost-\$3,080,312; purchased 11/9/15-11/12/15) (d)(g)(j)(k)	4,261,352
Principal Amount (000s)		
SHORT-TERM INVESTMENT 3.3%		
Time Deposit 3.3%		
\$30,339	ANZ National Bank London, 0.15%, 6/1/16 (cost-\$30,338,802)	30,338,802
	Total Investments (cost-\$961,025,910)(l) 100.0%	\$ 913,357,608

Schedule of Investments

AllianzGI Convertible & Income Fund

May 31, 2016 (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 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 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 identifies to the Investment Manager circumstances and events that may require fair valuation. The Investment Manager, in turn, determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Investment Manager (in consultation with the Sub-Advisers) 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.

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 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 \$131,453,953, representing 14.4% 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) Illiquid.

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- (e) 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.
- (f) Perpetual maturity. The date shown, if any, is the next call date.
- (g) Fair-Valued-Securities with an aggregate value of \$10,329,329 representing 1.1% of total investments.
- (h) Debtor-in-possession financial obligations.
- (i) \$988,784 of this amount is being held in escrow for the benefit of the debtor by an agent. PIK interest is not charged on the amount held in escrow until drawn by the debtor.
- (j) Non-income producing.
- (k) Restricted. The acquisition cost is \$3,080,312. The value is \$4,261,352, representing 0.5% of total investments.
- (l) At May 31, 2016, the cost basis of portfolio securities for federal income tax purposes was \$967,366,986. Gross unrealized appreciation was \$54,889,705, gross unrealized depreciation was \$108,899,083 and net unrealized depreciation was \$54,009,378. The difference between book and tax cost basis was attributable to wash sale loss deferrals and the differing treatment of bond amortization.
- (m) At May 31, 2016, the Fund had the following unfunded commitment under a debtor-in-possession financing which could be extended at the option of the in-bankruptcy issuer:

Borrower	Principal Amount
SFX Entertainment, Inc.	\$ 593,598

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 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 three months ended May 31, 2016 were intended to maximize the use of observable inputs and to minimize the use of unobservable inputs.

Schedule of Investments

AllianzGI Convertible & Income Fund

May 31, 2016 (unaudited) (continued)

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.

Senior Loans Senior Loans generally are valued by independent pricing services based on the average of quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. These quoted prices are based on interest rates, yield curves, option adjusted spreads, credit spreads and/or other criteria. To the extent that these inputs are observable, the values of Senior Loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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

May 31, 2016 (unaudited) (continued)

A summary of the inputs used at May 31, 2016 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 5/31/16
Investments in Securities Assets				
Corporate Bonds & Notes	\$	\$ 356,575,741	\$	\$ 356,575,741
Convertible Bonds & Notes		267,522,639		267,522,639
Convertible Preferred Stock:				
Health Care Providers & Services	8,375,177	1,392,738		9,767,915
Media			67	67
Oil, Gas & Consumable Fuels	25,355,110	7,921,245		33,276,355
Pharmaceuticals	5,971,746	11,750,126		17,721,872
All Other	187,824,955			187,824,955
Senior Loans			6,067,910	6,067,910
Common Stock			4,261,352	4,261,352
Short-Term Investments		30,338,802		30,338,802
Totals	\$ 227,526,988	\$ 675,501,291	\$ 10,329,329	\$ 913,357,608

At May 31, 2016, securities valued at \$27,963,286 were transferred from Level 2 to Level 1. This transfer was a result of securities with an evaluated mean price at February 29, 2016, using an exchange-traded closing price on May 31, 2016.

Schedule of Investments

AllianzGI Convertible & Income Fund

May 31, 2016 (unaudited) (continued)

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for the three months ended May 31, 2016, was as follows:

	Beginning Balance 2/29/16	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 5/31/16
Investments in Securities Assets									
Corporate Bonds & Notes:									
Diversified Financial Services	\$ 3,328,050	\$	\$	\$ (14,541)	\$	\$ 1,376,016	\$	\$ (4,689,525)	\$
Oil, Gas & Consumable Fuels	1,744,050			3,666		1,536,534		(3,284,250)	
Convertible Preferred Stock:									
Health Care Providers & Services	28,514,755		(34,697,388)			6,182,633			
Media	67								67
Technology Hardware, Storage & Peripherals	14,628,600		(19,068,350)			4,439,750			
Senior Loans	5,922,105	145,805							6,067,910
Common Stock	3,635,960					625,392			4,261,352
Totals	\$ 57,773,587	\$ 145,805	\$ (53,765,738)	\$ 3,666	\$	\$ 14,145,784	\$	\$ (7,973,775)	\$ 10,329,329

Conversion
PIK payment

* Transferred out of Level 3 into Level 2 because third-party vendor price was used on May 31, 2016.

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, 2016:

	Ending Balance at 5/31/16	Valuation Technique Used	Unobservable Inputs	Input Values
Investments in Securities Assets				
Convertible Preferred Stock	\$ 67	Model Price	Proprietary Data Used in Model	\$ 0.01*
Senior Loans	\$ 6,067,910	Model Price	Proprietary Data Used in Model	\$ 100.00
Common Stock	\$ 4,261,352	Model Price	Proprietary Data Used in Model	\$ 24.53

* Preferred stock trades are in lots of 1,000.

The net change in unrealized appreciation/depreciation of Level 3 investments held at May 31, 2016 was \$625,392.

Glossary:

DIP Debtor-in-Possession

PIK Payment-in-Kind

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/ Thomas J. Fuccillo
Thomas J. Fuccillo,
President & Chief Executive Officer

Date: July 22, 2016

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

Date: July 22, 2016

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: July 22, 2016

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

Date: July 22, 2016