



# Allianz Global Investors Dynamic Series Limited

(Formerly known as Dresdner RCM Dynamic Series Limited)

Annual Report

30 April 2009

**Allianz** 

Global Investors

## Management and Administration

This Report does not constitute an offer or invitation to subscribe for or purchase shares in Allianz Global Investors Dynamic Series Limited (formerly known as Dresdner RCM Dynamic Series Limited). Applications for the issue or purchase of shares may only be made on the basis of the latest Prospectus of the Fund and the latest Report.

### Directors of the Fund

George A. McKay

Aza Y.M. Yung

Eleanor Y.Y. Wan (resigned on 9 January 2009)

### Manager and Sub-Registrar

Allianz Global Investors Hong Kong Limited

21st Floor, Cheung Kong Center

2 Queen's Road Central

Hong Kong

### Sub-Manager

Allianz Global Investors Singapore Limited

6 Battery Road #28-01

Singapore 049909

### Administrator and Custodian

Bank of Bermuda (Cayman) Limited

P.O. Box 513

Strathvale House, North Church Street

Grand Cayman KY1-1106

Cayman Islands

### Principal Sub-Custodian and Administrator's Agent

HSBC Institutional Trust Services (Asia) Limited

1 Queen's Road Central

Hong Kong

### Guarantor of Allianz Global Investors Hong Kong Select Capital Guaranteed Fund

CALYON

9, quai du Président Paul Doumer, 92920 Paris

La Défense Cedex, France

### Guarantor of Allianz Global Investors Global Radar Fund

Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Croeselaan 18

3521 CB Utrecht

The Netherlands

### Guarantor of Allianz Global Investors Striker Fund

Rabobank, Hong Kong Branch

43rd Floor, Two Exchange Square

8 Connaught Place, Central

Hong Kong

### Auditors

KPMG

Century Yard

Cricket Square

Grand Cayman KY1-1106

Cayman Islands

KPMG have given and have not withdrawn their written consent to the issue of the Prospectus (consisting of the Fund and its SubFunds' Prospectus dated October 2003, July 2004 and November 2004 and this Annual Report) with the inclusion therein of their Report and references to them in the form and context in which they are included.

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## Performance of the Fund

for the year ended 30 April 2009

### Net asset value

|  | As at 30 April              |  |
|--|-----------------------------|--|
|  | Net asset<br>value<br>US\$m | Net asset<br>value per<br>participating<br>share<br>US\$ |
| <b>Allianz Global Investors Global Radar Fund</b>                        |                             |  |
| 2009   | 20.57                       | 9.37   |
| 2008   | 19.60                       | 8.41   |
| 2007   | 22.27                       | 8.35   |
| 2006   | 22.68                       | 7.81   |
| 2005   | 29.35                       | 9.51   |
| <b>Allianz Global Investors Hong Kong Select Capital Guaranteed Fund</b> |                             |  |
| 2009   | 14.37                       | 10.21  |
| 2008   | 19.24                       | 10.24  |
| 2007   | 28.76                       | 9.63   |
| 2006   | 30.12                       | 9.37   |
| <b>Allianz Global Investors Striker Fund</b>                             |                             |  |
| 2009   | 71.04                       | 10.38  |
| 2008   | 70.17                       | 8.82   |
| 2007   | 74.63                       | 7.75   |
| 2006   | 74.76                       | 7.18   |
| 2005   | 83.63                       | 7.65   |

## Performance of the Fund (continued)

for the year ended 30 April 2009

### Highest and lowest prices over the period

|  | Highest<br>issue price<br>US\$ | Lowest<br>redemption<br>price<br>US\$ |
|--|--------------------------------|---------------------------------------|
| <b>Allianz Global Investors Global Radar Fund</b>                        |                                |                                       |
| 2009   | 7.61                           | 4.90                                  |
| 2008   | 7.91                           | 7.19                                  |
| 2007   | 7.85                           | 6.93                                  |
| 2006   | 9.03                           | 7.15                                  |
| 2005   | *10.00                         | *8.54                                 |
| <b>Allianz Global Investors Hong Kong Select Capital Guaranteed Fund</b> |                                |                                       |
| 2009   | 10.16                          | 9.90                                  |
| 2008   | 10.27                          | 9.26                                  |
| 2007   | 9.40                           | 8.89                                  |
| 2006   | *10.00                         | *8.92                                 |
| <b>Allianz Global Investors Striker Fund</b>                             |                                |                                       |
| 2009   | 8.72                           | 7.20                                  |
| 2008   | 9.46                           | 7.00                                  |
| 2007   | 7.30                           | 6.61                                  |
| 2006   | 7.20                           | 6.64                                  |
| 2005   | *10.00                         | *6.72                                 |

\* since inception date

## Manager's Report

### United States

Over first half of the reporting period, both economic indicators as well as companies' outlooks signal a further weakening of the US economy and left little room for positive economic expectations. The only beacons on the horizon was that the US government's stability package seemed to be coming to initial fruition with regard to falling risk premiums on the interbank market, and that the housing market was showing first signs of stabilisation. In April 2009, the US Treasury Secretary, Timothy Geithner, presented the long-awaited details of financial-system reform. The primary objective was to stabilise the banks, followed by restoring the credit flow in the US. In the real economy it remained to be seen to which extent signs of economic stabilisation follow on from the first hesitant improvements in the sentiment indicators. During the period, the P/E ratios of the S&P 500 (based on the average rolling corporate profits over the past 10 years), which were smoothed out over the course of the economic cycle, have meanwhile reached a level that is significantly below their long-term average since 1871.

### Europe

Sentiment indicators were positive at the beginning of the reporting period, however, sentiment in the Eurozone deteriorated in August 2008, being depressed by high consumer prices, strong oil prices and slackening economic activities. In addition, the waves caused by the economic downturn in the US are lapping ever more strongly over the European continent. When close to the year end, a clear broad slowdown can also be observed in Europe. The Purchasing Managers Index for Europe fell to an 11-year low. Many countries like Ireland, Spain or the UK, where the property market bubbles were clearly deflating, were feeling a noticeable economic downturn. At the end of the reporting period, the Purchasing Managers Index and the Ifo Index have seen some improvements and signal the first signs of economic stabilisation. Valuations in Europe were appreciably below their long-term average in terms of the P/E ratio of the average year-on-year company earnings over the past 10 years.

### Asia-Pacific ex Japan

The global deleveraging took a painful toll on emerging markets. The market turmoil proved significant as the MSCI AC Asia Pacific ex Japan Index and the MSCI Far East ex Japan Index were down significantly since June 2008 for the first half of the reporting period. South Korea was the centre of attention as the global credit crunch significantly contracted the Korean financial sector's ability to cover short-term dollar borrowings. China has been showing increasing signs of slowing down as exports to the US and Europe continued to weaken. To address the contraction, China announced a broad-based stimulus package to support its domestic growth. Heading into January 2009, markets across the region initially exhibited signs of a bear-market rally on optimism that monetary and fiscal stimulus would gain traction in pulling the global economies out of stagnation. By end of the first quarter of 2009, trend of rising appetite on emerging market exposure was seen but generally the atmosphere was still defensive. Regional export volume remained weak for lower consumption in key economic regions. Inventory clearance has forced export prices to drop further. However, with the returning of risk appetites, the bear market rally starting in early 2009 sustained on signs of an improving economic outlook.

### Japan

At the beginning of the reporting period, leading indicators pointed to an economic slowdown. In November 2008, industrial production and capacity use have been on the decline. In addition, exports were suffering from the Yen's appreciation as well as from the economic slowdown in the US and Europe. The job market situation has also worsened and has resulted in Japanese consumers becoming more cautious with their purchases. As a result of the earnings revisions, Japanese equities have become noticeably more expensive on the basis of the earnings expected over the next 12 months – the P/E ratio has jumped to more than 20. While a few indicators of economic activities have improved slightly in April 2009, a tentative end to the economic slowdown still was not yet in sight.

**Allianz Global Investors Hong Kong Limited**

June 2009

## Portfolio Statement

as at 30 April 2009  
(Expressed in United States dollars)

### Allianz Global Investors Global Radar Fund

| Holding                                     | Portfolio investments  | Market value<br>\$'000 | % of net<br>assets |
|---|--|------------------------|--------------------|
| <b>United States 95.2%</b>                  |  |                        |                    |
| 21,965,800                                  | Rabobank Nederland Euro Medium<br>Term Note 11PCT Due 21 September 2014 (unlisted) | 19,593                 | 95.2               |
| <b>Total portfolio investments</b>          |  | <b>19,593</b>          | <b>95.2</b>        |
| <b>Total portfolio investments, at cost</b> |  | <b>20,363</b>          |                    |

### Allianz Global Investors Hong Kong Select Capital Guaranteed Fund

| Holding                                     | Portfolio investments  | Market value<br>\$'000 | % of net<br>assets |
|---|--|------------------------|--------------------|
| <b>United States 99.0%</b>                  |  |                        |                    |
| 14,069,299                                  | CALYON Euro Medium Term Note 2 February 2010 (unlisted)                | 13,797                 | 96.0               |
| 14,069,299                                  | CALYON Euro Medium Term Note<br>Call Option 19 January 2010 (unlisted) | 436                    | 3.0                |
| <b>Total portfolio investments</b>          |  | <b>14,233</b>          | <b>99.0</b>        |
| <b>Total portfolio investments, at cost</b> |  | <b>13,332</b>          |                    |

## Portfolio Statement (continued)

as at 30 April 2009  
(Expressed in United States dollars)

### Allianz Global Investors Striker Fund

| Holding                                     | Portfolio investments  | Market value<br>\$'000 | % of net<br>assets |
|---|--|------------------------|--------------------|
| <b>United States 96.2%</b>                  |  |                        |                    |
| 68,424,000                                  | Rabobank Nederland B.A. Euro<br>Medium Term Note 17 November 2013 (unlisted) | 68,335                 | 96.2               |
| <b>Total portfolio investments</b>          |  | <b>68,335</b>          | <b>96.2</b>        |
| <b>Total portfolio investments, at cost</b> |  | <b>63,633</b>          |                    |

## Statement of Movements in Portfolio Holdings

for the year ended 30 April 2009

|  | % of net<br>assets<br>2009 | % of net<br>assets<br>2008 |
|--|----------------------------|----------------------------|
| <b>Allianz Global Investors Global Radar Fund</b>                        |                            |                            |
| United States  | 95.2                       | 93.9                       |
|  | <u>95.2</u>                | <u>93.9</u>                |
| <b>Allianz Global Investors Hong Kong Select Capital Guaranteed Fund</b> |                            |                            |
| United States  | 99.0                       | 98.0                       |
|  | <u>99.0</u>                | <u>98.0</u>                |
| <b>Allianz Global Investors Striker Fund</b>                             |                            |                            |
| United States  | 96.2                       | 94.9                       |
|  | <u>96.2</u>                | <u>94.9</u>                |

## Distribution Statement

for the year ended 30 April 2009  
(Expressed in United States dollars)

|  | Global<br>Radar<br>Fund<br>\$'000 | Hong Kong<br>Select<br>Capital<br>Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 | Fund<br>total<br>\$'000 |
|--|-----------------------------------|--|---------------------------|-------------------------|
| <b>Net assets attributable to<br/>shareholders brought forward</b> | 19,600                            | 19,242   | 70,168                    | 109,010                 |
| Net payments and payables on redemption                            | (864)                             | (4,727)  | (8,922)                   | (14,513)                |
| Profit attributable to shareholders before distribution            | <u>1,835</u>                      | <u>228</u>   | <u>10,574</u>             | <u>12,637</u>           |
| <b>Amount available for distribution to<br/>shareholders</b>       | 20,571                            | 14,743   | 71,820                    | 107,134                 |
| Distribution to shareholders                                       | <u>—</u>                          | <u>(371)</u>   | <u>(777)</u>              | <u>(1,148)</u>          |
| <b>Net assets attributable to<br/>shareholders carried forward</b> | <u>20,571</u>                     | <u>14,372</u>  | <u>71,043</u>             | <u>105,986</u>          |
| <b>Distribution history</b>  |                                   |  |                           |                         |
| First distribution per share                                       | <u>\$—</u>                        | <u>\$0.25</u>  | <u>\$0.063</u>            |                         |
| Date of distribution   |                                   | 2 February<br>2009   | 19 May<br>2008            |                         |
| Second distribution per share                                      | <u>\$—</u>                        | <u>\$—</u>   | <u>\$0.042</u>            |                         |
| Date of distribution   |                                   |  | 17 November<br>2008       |                         |

The accompanying notes form an integral part of these financial statements.

## Comparative Distribution Statement

for the year ended 30 April 2008  
(Expressed in United States dollars)

|  | Global<br>Radars<br>Fund<br>\$'000 | Hong Kong<br>Select<br>Capital<br>Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 | Fund<br>total<br>\$'000 |
|--|------------------------------------|--|---------------------------|-------------------------|
| <b>Net assets attributable to shareholders brought forward</b>                     | 22,270                             | 28,763   | 74,627                    | 125,660                 |
| Net proceeds and receivables on acquisition of participating shares by the Manager | 152                                | –  | –                         | 152                     |
| Net payments and payables on redemption  | (2,705)                            | (10,909)   | (12,806)                  | (26,420)                |
| (Loss)/profit attributable to shareholders before distribution                     | (117)                              | 1,930  | 8,347                     | 10,160                  |
| <b>Amount available for distribution to shareholders</b>                           | 19,600                             | 19,784   | 70,168                    | 109,552                 |
| Distribution to shareholders   | –                                  | (542)  | –                         | (542)                   |
| <b>Net assets attributable to shareholders carried forward</b>                     | <u>19,600</u>                      | <u>19,242</u>  | <u>70,168</u>             | <u>109,010</u>          |
| <b>Distribution history</b>  |                                    |  |                           |                         |
| Distribution per share   | <u>\$–</u>                         | <u>\$0.25</u>  | <u>\$–</u>                |                         |
| Date of distribution   |                                    | 28 January<br>2008   |                           |                         |

The accompanying notes form an integral part of these financial statements.

## Statement of Assets and Liabilities

as at 30 April 2009  
(Expressed in United States dollars)

|  | Note     | Global<br>Radars<br>Fund<br>\$'000 | Hong Kong<br>Select<br>Capital<br>Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 | Fund<br>total<br>\$'000 |
|--|----------|------------------------------------|--|---------------------------|-------------------------|
| <b>Assets</b>  |          |                                    |  |                           |                         |
| Investments at market value  | 6        | 19,593                             | 14,233   | 68,335                    | 102,161                 |
| Interest and other receivables   |          | –                                  | –  | 1                         | 1                       |
| Prepaid management fees  | 4(a)     | 687                                | 96   | 1,556                     | 2,339                   |
| Prepaid working capital  | 4(b)     | –                                  | 36   | –                         | 36                      |
| Cash and cash equivalents  | 10(b)    | 291                                | 7  | 1,151                     | 1,449                   |
| <b>Total assets</b>  |          | <u>20,571</u>                      | <u>14,372</u>  | <u>71,043</u>             | <u>105,986</u>          |
| <b>Liabilities</b>   |          |                                    |  |                           |                         |
| Accruals and other payables  |          | –                                  | –  | –                         | –                       |
| <b>Total liabilities (excluding net assets attributable to shareholders)</b> |          | <u>–</u>                           | <u>–</u>   | <u>–</u>                  | <u>–</u>                |
| <b>Net assets attributable to shareholders</b>                               |          | <u>20,571</u>                      | <u>14,372</u>  | <u>71,043</u>             | <u>105,986</u>          |
| <b>Number of participating shares in issue</b>                               | 3, 10(a) | <u>2,196,580</u>                   | <u>1,406,930</u>   | <u>6,842,400</u>          |                         |
| <b>Net asset value per participating share</b>                               |          | <u>9.37</u>                        | <u>10.21</u>   | <u>10.38</u>              |                         |
| <b>Realisation value per participating share</b>                             | 8        | <u>4.90</u>                        | <u>10.12</u>   | <u>7.69</u>               |                         |

Approved for issue on behalf of the board on 18 August 2009

)  
)  
) Directors  
)  
)

The accompanying notes form an integral part of these financial statements.

## Comparative Statement of Assets and Liabilities

as at 30 April 2008  
(Expressed in United States dollars)

|  | Note     | Hong Kong                   |  |                        | Fund total<br>\$'000 |
|--|----------|-----------------------------|--|------------------------|----------------------|
|  |          | Global Radar Fund<br>\$'000 | Select Capital Guaranteed Fund<br>\$'000 | Striker Fund<br>\$'000 |                      |
| <b>Assets</b>  |          |                             |  |                        |                      |
| Investments at market value  | 6        | 18,403                      | 18,853                                   | 66,618                 | 103,874              |
| Interest and other receivables   |          | –                           | –  | –                      | –                    |
| Prepaid management fees  | 4(a)     | 866                         | 297                                      | 2,206                  | 3,369                |
| Prepaid working capital  | 4(b)     | –                           | 85                                       | –                      | 85                   |
| Cash and cash equivalents  | 10(b)    | 331                         | 7  | 1,344                  | 1,682                |
| <b>Total assets</b>  |          | <u>19,600</u>               | <u>19,242</u>                            | <u>70,168</u>          | <u>109,010</u>       |
| <b>Liabilities</b>   |          |                             |  |                        |                      |
| Accruals and other payables  |          | –                           | –  | –                      | –                    |
| <b>Total liabilities (excluding net assets attributable to shareholders)</b> |          | <u>–</u>                    | <u>–</u>                                 | <u>–</u>               | <u>–</u>             |
| <b>Net assets attributable to shareholders</b>                               |          | <u>19,600</u>               | <u>19,242</u>                            | <u>70,168</u>          | <u>109,010</u>       |
| <b>Number of participating shares in issue</b>                               | 3, 10(a) | <u>2,328,880</u>            | <u>1,878,175</u>                         | <u>7,949,600</u>       |                      |
| <b>Net asset value per participating share</b>                               |          | <u>8.41</u>                 | <u>10.24</u>                             | <u>8.82</u>            |                      |
| <b>Realisation value per participating share</b>                             | 8        | <u>7.90</u>                 | <u>10.04</u>                             | <u>8.38</u>            |                      |

The accompanying notes form an integral part of these financial statements.

## Statement of Changes in Net Assets Attributable to Shareholders

for the year ended 30 April 2009  
(Expressed in United States dollars)

|  | Note | Hong Kong                   |  |                        | Fund total<br>\$'000 |
|--|------|-----------------------------|--|------------------------|----------------------|
|  |      | Global Radar Fund<br>\$'000 | Select Capital Guaranteed Fund<br>\$'000 | Striker Fund<br>\$'000 |                      |
| <b>Net assets attributable to shareholders brought forward</b>                     |      | <u>19,600</u>               | <u>19,242</u>                            | <u>70,168</u>          | <u>109,010</u>       |
| <b>Financing activities</b>  |      |                             |  |                        |                      |
| Redemption of participating shares   |      | (864)                       | (4,727)                                  | (8,922)                | (14,513)             |
| <b>Net profit/(loss) for the year</b>  |      | <u>1,835</u>                | <u>(143)</u>                             | <u>9,797</u>           | <u>11,489</u>        |
| <b>Increase/(decrease) in net assets attributable to shareholders for the year</b> |      | <u>971</u>                  | <u>(4,870)</u>                           | <u>875</u>             | <u>(3,024)</u>       |
| <b>Net assets attributable to shareholders carried forward</b>                     |      | <u>20,571</u>               | <u>14,372</u>                            | <u>71,043</u>          | <u>105,986</u>       |

The accompanying notes form an integral part of these financial statements.

## Comparative Statement of Changes in Net Assets Attributable to Shareholders

for the year ended 30 April 2008  
(Expressed in United States dollars)

| Note  | Hong Kong<br>Select<br>Capital    |                              |                           |                         |
|---|-----------------------------------|------------------------------|---------------------------|-------------------------|
|   | Global<br>Radar<br>Fund<br>\$'000 | Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 | Fund<br>total<br>\$'000 |
| <b>Net assets attributable to shareholders brought forward</b>          | 22,270                            | 28,763                       | 74,627                    | 125,660                 |
| <b>Financing activities</b>   |                                   |                              |                           |                         |
| Acquisition of participating shares by the Manager                      | 152                               | –                            | –                         | 152                     |
| Redemption of participating shares                                      | (2,705)                           | (10,909)                     | (12,806)                  | (26,420)                |
| <b>Net (loss)/profit for the year</b>                                   | (2,553)                           | (10,909)                     | (12,806)                  | (26,268)                |
|   | (117)                             | 1,388                        | 8,347                     | 9,618                   |
| <b>Decrease in net assets attributable to shareholders for the year</b> | (2,670)                           | (9,521)                      | (4,459)                   | (16,650)                |
| <b>Net assets attributable to shareholders carried forward</b>          | 19,600                            | 19,242                       | 70,168                    | 109,010                 |

The accompanying notes form an integral part of these financial statements.

## Revenue Statement

for the year ended 30 April 2009  
(Expressed in United States dollars)

| Note   | Hong Kong<br>Select<br>Capital    |                              |                           |                         |
|--|-----------------------------------|------------------------------|---------------------------|-------------------------|
|  | Global<br>Radar<br>Fund<br>\$'000 | Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 | Fund<br>total<br>\$'000 |
| <b>Investment income</b>                               |                                   |                              |                           |                         |
| Coupon income on investments                           | –                                 | 371                          | 777                       | 1,148                   |
| Interest on bank deposits                              | 6                                 | –                            | 27                        | 33                      |
|  | 6                                 | 371                          | 804                       | 1,181                   |
| <b>Expenses</b>  |                                   |                              |                           |                         |
| Investment management fees                             | 179                               | 201                          | 650                       | 1,030                   |
| Other fees to the Manager                              | 46                                | 49                           | 222                       | 317                     |
|  | 225                               | 250                          | 872                       | 1,347                   |
| <b>Net (loss)/profit before investment gain/(loss)</b> | (219)                             | 121                          | (68)                      | (166)                   |

The accompanying notes form an integral part of these financial statements.

## Revenue Statement (continued)

for the year ended 30 April 2009  
(Expressed in United States dollars)

|  | Note | Hong Kong Select Capital |                        |                     |                   |
|--|------|--------------------------|------------------------|---------------------|-------------------|
|  |      | Global Radar Fund \$'000 | Guaranteed Fund \$'000 | Striker Fund \$'000 | Fund total \$'000 |
| <b>Gain/(loss) on investments</b>        |      |                          |                        |                     |                   |
| Gain on investments                      | 7    | 2,416                    | 744                    | 12,015              | 15,175            |
| Loss on investments                      | 7    | (362)                    | (637)                  | (1,373)             | (2,372)           |
|  |      | <u>2,054</u>             | <u>107</u>             | <u>10,642</u>       | <u>12,803</u>     |
| <b>Net profit before finance cost</b>    |      | 1,835                    | 228                    | 10,574              | 12,637            |
| <b>Finance cost</b>                      |      |                          |                        |                     |                   |
| Distribution to shareholders             | 12   | —                        | (371)                  | (777)               | (1,148)           |
| <b>Net profit/(loss) before taxation</b> |      | 1,835                    | (143)                  | 9,797               | 11,489            |
| Taxation                                 | 9    | —                        | —                      | —                   | —                 |
| <b>Net profit/(loss) for the year</b>    |      | <u>1,835</u>             | <u>(143)</u>           | <u>9,797</u>        | <u>11,489</u>     |

The accompanying notes form an integral part of these financial statements.

## Comparative Revenue Statement

for the year ended 30 April 2008  
(Expressed in United States dollars)

|  | Note  | Hong Kong Select Capital |                        |                     |                   |
|--|-------|--------------------------|------------------------|---------------------|-------------------|
|  |       | Global Radar Fund \$'000 | Guaranteed Fund \$'000 | Striker Fund \$'000 | Fund total \$'000 |
| <b>Investment income</b>                               |       |                          |                        |                     |                   |
| Coupon income on investments                           |       | —                        | 542                    | —                   | 542               |
| Interest on bank deposits                              | 10(b) | 15                       | 3                      | 61                  | 79                |
|  |       | <u>15</u>                | <u>545</u>             | <u>61</u>           | <u>621</u>        |
| <b>Expenses</b>  |       |                          |                        |                     |                   |
| Investment management fees                             | 4(a)  | 280                      | 444                    | 948                 | 1,672             |
| Other fees to the Manager                              | 4(b)  | 46                       | 49                     | 221                 | 316               |
|  |       | <u>326</u>               | <u>493</u>             | <u>1,169</u>        | <u>1,988</u>      |
| <b>Net (loss)/profit before investment gain/(loss)</b> |       | <u>(311)</u>             | <u>52</u>              | <u>(1,108)</u>      | <u>(1,367)</u>    |

The accompanying notes form an integral part of these financial statements.

## Comparative Revenue Statement (continued)

for the year ended 30 April 2008  
(Expressed in United States dollars)

| Note   | Global | Hong Kong    | Striker      | Fund         |               |
|--|--------|--------------|--------------|--------------|---------------|
|  | Radar  | Capital      |              |              |               |
|  | Fund   | Guaranteed   | Fund         | total        |               |
|  | \$'000 | \$'000       | \$'000       | \$'000       |               |
| <b>Gain/(loss) on investments</b>            |        |              |              |              |               |
| Gain on investments                          | 7      | 771          | 2,314        | 12,263       | 15,348        |
| Loss on investments                          | 7      | (577)        | (436)        | (2,808)      | (3,821)       |
|  |        | <u>194</u>   | <u>1,878</u> | <u>9,455</u> | <u>11,527</u> |
| <b>Net (loss)/profit before finance cost</b> |        | (117)        | 1,930        | 8,347        | 10,160        |
| <b>Finance cost</b>                          |        |              |              |              |               |
| Distribution to shareholders                 | 12     | –            | (542)        | –            | (542)         |
| <b>Net (loss)/profit before taxation</b>     |        | (117)        | 1,388        | 8,347        | 9,618         |
| Taxation                                     | 9      | –            | –            | –            | –             |
| <b>Net (loss)/profit for the year</b>        |        | <u>(117)</u> | <u>1,388</u> | <u>8,347</u> | <u>9,618</u>  |

The accompanying notes form an integral part of these financial statements.

## Cash Flow Statement

for the year ended 30 April 2009  
(Expressed in United States dollars)

|   | Global       | Hong Kong      | Striker        | Fund            |
|---|--------------|----------------|----------------|-----------------|
|   | Radar        | Capital        |                |                 |
|   | Fund         | Guaranteed     | Fund           | total           |
|   | \$'000       | \$'000         | \$'000         | \$'000          |
| <b>Operating activities</b>                         |              |                |                |                 |
| Interest received                                   | 6            | –              | 26             | 32              |
| Other operating expense paid                        | (46)         | –              | (222)          | (268)           |
| <b>Net cash used in operating activities</b>        | <u>(40)</u>  | <u>–</u>       | <u>(196)</u>   | <u>(236)</u>    |
| <b>Investing activities</b>                         |              |                |                |                 |
| Coupon income received                              | –            | 371            | 777            | 1,148           |
| Sale of investments                                 | 864          | 4,727          | 8,925          | 14,516          |
| <b>Net cash generated from investing activities</b> | <u>864</u>   | <u>5,098</u>   | <u>9,702</u>   | <u>15,664</u>   |
| <b>Financing activities</b>                         |              |                |                |                 |
| Redemption of participating shares                  | (864)        | (4,727)        | (8,922)        | (14,513)        |
| Distribution paid                                   | –            | (371)          | (777)          | (1,148)         |
| <b>Net cash used in financing activities</b>        | <u>(864)</u> | <u>(5,098)</u> | <u>(9,699)</u> | <u>(15,661)</u> |
| <b>Net decrease in cash and cash equivalents</b>    | (40)         | –              | (193)          | (233)           |
| <b>Cash and cash equivalents at 1 May 2008</b>      | <u>331</u>   | <u>7</u>       | <u>1,344</u>   | <u>1,682</u>    |
| <b>Cash and cash equivalents at 30 April 2009</b>   | <u>291</u>   | <u>7</u>       | <u>1,151</u>   | <u>1,449</u>    |
| <b>Comprised of:</b>                                |              |                |                |                 |
| Cash at bank and on deposit                         | <u>291</u>   | <u>7</u>       | <u>1,151</u>   | <u>1,449</u>    |

The accompanying notes form an integral part of these financial statements.

## Comparative Cash Flow Statement

for the year ended 30 April 2008  
(Expressed in United States dollars)

|   | Global<br>Radar<br>Fund<br>\$'000 | Hong Kong<br>Select<br>Capital<br>Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 | Fund<br>total<br>\$'000 |
|---|-----------------------------------|--|---------------------------|-------------------------|
| <b>Operating activities</b>                                   |                                   |  |                           |                         |
| Interest received   | 15                                | 3  | 61                        | 79                      |
| Other operating expense paid                                  | (46)                              | –  | (221)                     | (267)                   |
| <b>Net cash (used in)/generated from operating activities</b> | <u>(31)</u>                       | <u>3</u>   | <u>(160)</u>              | <u>(188)</u>            |
| <b>Investing activities</b>                                   |                                   |  |                           |                         |
| Coupon income received  | –                                 | 542  | –                         | 542                     |
| Sale of investments   | 2,553                             | 10,911   | 12,812                    | 26,276                  |
| <b>Net cash generated from investing activities</b>           | <u>2,553</u>                      | <u>11,453</u>  | <u>12,812</u>             | <u>26,818</u>           |
| <b>Financing activities</b>                                   |                                   |  |                           |                         |
| Subscription of participating shares                          | 152                               | –  | –                         | 152                     |
| Redemption of participating shares                            | (2,705)                           | (10,909)   | (12,806)                  | (26,420)                |
| Distribution paid   | –                                 | (542)  | –                         | (542)                   |
| <b>Net cash used in financing activities</b>                  | <u>(2,553)</u>                    | <u>(11,451)</u>  | <u>(12,806)</u>           | <u>(26,810)</u>         |
| <b>Net (decrease)/increase in cash and cash equivalents</b>   | <u>(31)</u>                       | <u>5</u>   | <u>(154)</u>              | <u>(180)</u>            |
| <b>Cash and cash equivalents at 1 May 2007</b>                | <u>362</u>                        | <u>2</u>   | <u>1,498</u>              | <u>1,862</u>            |
| <b>Cash and cash equivalents at 30 April 2008</b>             | <u>331</u>                        | <u>7</u>   | <u>1,344</u>              | <u>1,682</u>            |
| <b>Comprised of:</b>  |                                   |  |                           |                         |
| Cash at bank and on deposit                                   | <u>331</u>                        | <u>7</u>   | <u>1,344</u>              | <u>1,682</u>            |

The accompanying notes form an integral part of these financial statements.

## Notes to the Financial Statements

(Expressed in United States dollars)

### 1 The Fund

Allianz Global Investors Dynamic Series Limited (formerly known as Dresdner RCM Dynamic Series Limited) (the “Fund”) is an open-ended umbrella mutual fund incorporated under the laws of the Cayman Islands on 21 November 2001 with limited liability for the purpose of investing the monies of its members for their mutual benefit and having the power to redeem its shares without reducing its authorised share capital. The Fund was registered under the Mutual Funds Law of the Cayman Islands on 26 November 2001 and commenced business on 6 February 2002.

The Fund may issue shares in various sub-funds and as at 30 April 2009, Allianz Global Investors Striker Fund, Allianz Global Investors Global Radar Fund and Allianz Global Investors Hong Kong Select Capital Guaranteed Fund had been launched and remained outstanding. Allianz Global Investors Striker Fund, Allianz Global Investors Global Radar Fund and Allianz Global Investors Hong Kong Select Capital Guaranteed Fund (the “Sub-Funds”) were launched on 17 November 2003, 21 September 2004 and 1 February 2005 respectively.

The objective of Allianz Global Investors Global Radar Fund is to achieve capital appreciation by participating in the performance of a 10-year Geared-In Everest Note issued by Rabobank, in addition to providing shareholders with total guaranteed coupon payments of 16% of their initial investment during the life of the Sub-Fund. The Sub-Fund will be terminated on the earlier of the coupon payment date by which the investors have received accumulated coupon payments equal to or greater than 16% of the initial investment in the Sub-Fund, and 10 years after the commencement of the Sub-Fund.

The objective of Allianz Global Investors Hong Kong Select Capital Guaranteed Fund is to achieve capital appreciation by participating in the performance of a Euro Medium Term Note and call option issued by CALYON, in addition to providing total coupon payments of 10% of their initial investment during an investment period of five years, consisting of four fixed coupon payments, each of which equals 2.5% of their initial investment over the first four years plus the potential to receive a final coupon payment at the guaranteed maturity date determined by reference to the performance of the Term Notes and the call option. Shareholders will also receive a capital guarantee at the end of the life of the Sub-Fund equal to 100% of their initial investment.

The objective of Allianz Global Investors Striker Fund is to achieve capital appreciation by participating in the performance of a 10-year Target Redemption Note issued by Rabobank, in addition to providing shareholders with total guaranteed coupon payments of 13% of their initial investment during the life of the Sub-Fund. The Sub-Fund will be terminated on the earlier of the coupon payment date by which the investors have received accumulated coupon payments equal to 13% of the initial investment in the Sub-Fund, and 10 years after the commencement of the Sub-Fund.

As at 30 April 2009, the Sub-Funds had no employees. The investment activities of the SubFunds are managed by Allianz Global Investors Hong Kong Limited (the “Manager”) which has appointed Allianz Global Investors Singapore Limited as the investment sub-manager of the Fund (the “Sub-Manager”) and the administration of the Sub-Funds is delegated to Bank of Bermuda (Cayman) Limited (the “Administrator”) which has further delegated its role to HSBC Institutional Trust Services (Asia) Limited (the “Administrator’s Agent”).

The Fund and the SubFunds are authorised by the Hong Kong Securities and Futures Commission (“the SFC”) under the Hong Kong Securities and Futures Ordinance and are governed by the Hong Kong Code on Unit Trusts and Mutual Funds. In giving such authorisation, the Hong Kong Securities and Futures Commission does not take responsibility for the financial soundness of the Fund or the Sub-Funds or for the correctness of any statements made or opinions expressed in this regard.

## 2 Significant accounting policies

(a) Statement of compliance

The financial statements of the Fund and its Sub-Funds have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, and the relevant disclosure provisions of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission. A summary of the significant accounting policies adopted by the Fund and its Sub-Funds is set out below.

A separate account for each Sub-Fund is maintained to which the proceeds of issue and the income arising from the investment of those proceeds are credited and to which the expenses are charged. Upon redemption, shareholders are entitled only to their proportion of the net assets held in the account relating to the Sub-Funds in which the units are designated.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and its sub-funds and are consistent with those used in the previous year.

(c) Financial instruments

(i) Classification

All the investments held by the Fund and its Sub-Funds are designated as financial assets and financial liabilities at fair value through profit or loss upon initial recognition.

(ii) Recognition

The Fund and its Sub-Funds recognise financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all trading instruments are measured at fair value with changes in their fair value recognised in the Revenue Statement.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the date of statement of assets and liabilities without any deduction for estimated future selling costs. If there is no publicly available latest traded price nor a quoted market price on a recognised stock exchange or if the market is not active, the fair value of the instruments is estimated using valuation techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management’s best estimates and discount rate used is a market rate at the date of statement of assets and liabilities applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the date of statement of assets and liabilities.

(v) Derecognition

The Sub-Funds derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or they transfer the financial asset and the transfer qualifies for derecognition in accordance with HKAS 39.

The Sub-Funds use the weighted average cost method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(d) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at the exchange rates ruling at the date of the financial statements. Income and expenses are translated into United States Dollars at the exchange rates ruling at the transaction dates. Differences arising on foreign currency translation are recorded in the Revenue Statement.

(e) Income and expenses

All income and expenses are accounted for on an accruals basis. Interest income received by the Sub-Funds may be subject to non-recoverable withholding taxes imposed in the country of origin. This income is recorded gross of such tax and the withholding tax is recognised in the Revenue Statement as incurred. Expenses not directly attributable to any individual Sub-Fund are allocated amongst all Sub-Funds according to their individual size. Interest income is recognised as it accrues using the effective interest rate method.

The expenses in connection with the ongoing operations of the Sub-Funds are paid by the Manager which is represented by the other fee to the Manager.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(g) Related parties

For the purposes of these financial statements, a party is considered to be related to the Fund or its Sub-Funds if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Fund or its Sub-Funds or exercise significant influence over the Fund or its Sub-Funds in making financial and operating policy decisions, or has joint control over the Fund or its Sub-Funds;
- (ii) the Fund or its Sub-Funds and the party are subject to common control;
- (iii) the party is a subsidiary, an associate of the Fund or its Sub-Funds or a joint venture in which the Fund or its Sub-Funds are venturers;
- (iv) the party is a member of key management personnel of the Fund or its Sub-Funds or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the Fund or its Sub-Funds or of any entity that is a related party of the Fund or its Sub-Funds.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Fund or its Sub-Funds.

(h) Participating shares in issue

All participating shares issued by the Fund provide their respective shareholders with the right to require redemption for cash at the value proportionate to the shareholder's share in the corresponding Sub-Fund's net assets at the redemption date. In accordance with HKAS 32, such rights give rise to a financial liability to the Sub-Funds which is shown as "net assets attributable to shareholders" in the Statement of Assets and Liabilities.

(i) Finance costs (distributions to shareholders)

Distributions to shareholders are recognised in the Revenue Statement as finance costs.

### 3 Shares in issue

100 management shares (\$1.00 each) of the Fund were issued and fully paid at par and are held by the Manager. They carry no right to receive notice of, attend or vote at any general meeting of the Fund. They were issued for the purpose of enabling all the participating shares to be redeemed without liquidating the Fund.

Participating shares (\$0.001 each) are redeemable and may be redeemed at the realisation value per share. The holders of the participating shares have the right to receive notice of, attend and vote at general meetings of the Fund.

|                                      | 2009             |                  | 2008             |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
|                                      | Number of shares | Amount           | Number of shares | Amount           |
| Authorised share capital:            |                  |                  |                  |                  |
| Participating shares of \$0.001 each | 99,900,000       | \$99,900         | 99,900,000       | \$99,900         |
| Management shares of \$1.00 each     | 100              | 100              | 100              | 100              |
|                                      |                  | <u>\$100,000</u> |                  | <u>\$100,000</u> |

Movements of issued participating shares for the Sub-Funds are as follows:

#### Allianz Global Investors Global Radar Fund

|                          | 2009             | 2008             |
|--------------------------|------------------|------------------|
| Balance brought forward  | 2,328,880        | 2,666,570        |
| Issued during the year   | –                | 20,000           |
| Redeemed during the year | <u>(132,300)</u> | <u>(357,690)</u> |
| Balance carried forward  | <u>2,196,580</u> | <u>2,328,880</u> |

#### Allianz Global Investors Hong Kong Select Capital Guaranteed Fund

|                          | 2009             | 2008               |
|--------------------------|------------------|--------------------|
| Balance brought forward  | 1,878,175        | 2,984,719          |
| Redeemed during the year | <u>(471,245)</u> | <u>(1,106,544)</u> |
| Balance carried forward  | <u>1,406,930</u> | <u>1,878,175</u>   |

**Allianz Global Investors Striker Fund**

|                          | 2009               | 2008               |
|--------------------------|--------------------|--------------------|
| Balance brought forward  | 7,949,600          | 9,629,100          |
| Redeemed during the year | <u>(1,107,200)</u> | <u>(1,679,500)</u> |
| Balance carried forward  | <u>6,842,400</u>   | <u>7,949,600</u>   |

**4 Investment management fees and other fees to the manager**

The Sub-Funds are managed by Allianz Global Investors Hong Kong Limited which is entitled to:

**Allianz Global Investors Global Radar Fund**

- (a) retain 5.8% of the capital raised (\$1,793,395) as investment management fee, deducted following the close of the offer period and paid up-front prior to the investment of the assets. The amount is amortised over the 10-year investment period. The unamortised investment management fee is charged to Revenue Statement when the return specified in the Prospectus is met and the Sub-Fund terminates earlier than the latest possible date.
- (b) retain 1.5% of the capital raised (\$463,809) for operating expenses, deducted following the close of the offer period and pay annually to the Manager an amount equal to 0.15% of the capital raised for annual operating expenses of the Sub-Fund. The unamortised operating expenses are returned to the Sub-Fund when the return specified in the Prospectus is met and the Sub-Fund terminates earlier than the latest possible date.

**Allianz Global Investors Hong Kong Select Capital Guaranteed Fund**

- (a) retain 4.5% of the capital raised (\$1,465,329) as investment management fee, deducted following the close of the offer period and paid up-front prior to the investment of the assets. The amount is amortised over the 5-year investment period.
- (b) retain 0.75% of the capital raised (\$244,222) for operating expenses, deducted following the close of the offer period and paid up-front prior to the investment of the assets for annual operating expenses of the Sub-Fund.

**Allianz Global Investors Striker Fund**

- (a) retain 5% of the capital raised (\$5,546,400) as investment management fee, deducted following the close of the offer period and paid up-front prior to the investment of the assets. The amount is amortised over the 10-year investment period. The unamortised investment management fee is charged to Revenue Statement when the return specified in prospectus is met and the Sub-Fund terminates earlier than the latest possible date.
- (b) retain 2% of the capital raised (\$2,218,560) as operating expenses, deducted following the close of the offer period and pay annually to the Manager an amount equal to 0.2% of the capital raised for annual operating expenses of the Sub-Fund. The unamortised operating expenses are returned to the Sub-Fund when the return specified in the Prospectus is met and the Sub-Fund terminates earlier than the latest possible date.

**5 Financial instruments and associated risks**

The Sub-Funds invest in derivatives and structured notes as dictated by their investment management strategies. Details of such investments held as at 30 April 2009 are shown in the Portfolio Statement.

The Sub-Funds' investing activities expose them to various types of risks that are associated with the financial instruments and markets in which they invest. The following list of associated risks only set out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in any of the Sub-Funds. Investors should note that additional information in respect of risks associated with investment in any of the Sub-Funds can be found in the Prospectus of the relevant Sub-Fund.

- (a) **Market risk**  
Market risk arises when the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency risk, interest rate risk and price risk.

- (i) **Currency risk**  
Currency risk arises from change in foreign rate of financial assets and financial liabilities denominated in currencies other than the Sub-Fund's functional currency.

As most of the financial assets and liabilities of the Sub-Funds are denominated in United States dollars, the functional currency, the Sub-Funds have limited exposure to currency risk.

- (ii) **Interest rate risk**  
Interest rate risk arises from change in interest rates which may inversely affect the value of structured notes and therefore result in potential gain or loss to the Sub-Funds.

If US dollar LIBOR at the year end had increased/(decreased) by 50 basis points (2008: 50 basis points) with all other variables held constant, it is estimated that the net assets attributable to shareholders would have increased/(decreased) accordingly as follows:

|                             | <b>Global<br/>Radar<br/>Fund<br/>\$'000</b> | <b>Hong Kong<br/>Select<br/>Capital<br/>Guaranteed<br/>Fund<br/>\$'000</b> | <b>Striker<br/>Fund<br/>\$'000</b> |
|-----------------------------|---|--|------------------------------------|
| <b>At 30 April 2009</b>     |   |  |                                    |
| Increase in US dollar LIBOR | <u>(1,215)</u>                              | <u>(56)</u>  | <u>(178)</u>                       |
| Decrease in US dollar LIBOR | <u>1,318</u>                                | <u>54</u>  | <u>185</u>                         |
| <b>At 30 April 2008</b>     |   |  |                                    |
| Increase in US dollar LIBOR | <u>(569)</u>                                | <u>(153)</u>   | <u>(3,141)</u>                     |
| Decrease in US dollar LIBOR | <u>586</u>                                  | <u>155</u>   | <u>4,263</u>                       |

(iii) Other price risk

Other price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The returns on the financial instruments held by Allianz Global Investors Global Radar Fund and Allianz Global Investors Hong Kong Select Capital Guaranteed Fund are linked to the performance of the relevant baskets of stocks; Allianz Global Investors Global Radar Fund and Allianz Global Investors Hong Kong Select Capital Guaranteed Fund accordingly are exposed to other price risk as changes in market prices of the stocks in the baskets will affect the value of financial instruments held by them. As the returns on the financial instruments held by Allianz Global Investors Striker Fund are not linked to basket of stocks; Allianz Global Investors Striker Fund is not exposed to other price risk.

The baskets of stocks which expose Allianz Global Investors Global Radar Fund and Allianz Global Investors Hong Kong Select Capital Guaranteed Fund to other price risk listed out below.

**Allianz Global Investors Global Radar Fund**

Altria Group Inc.  
AstraZeneca plc  
Canon Inc.  
The Coca-cola Company  
Colgate-Palmolive Co  
Deutsche Telekom AG-Reg  
General Electric Company  
Gilette Company  
HSBC Holding plc  
Johnson & Johnson  
McDonald's Corp  
Microsoft Corporation  
Motorola, Inc.  
Oracle Corporation  
Pfizer Inc.  
RWE AG  
Texas Instruments Incorporated  
Telecom Italia Mobile S.p.A. (T.I.M.)  
Tyco International Limited  
Unilever NV-CVA

**Allianz Global Investors Hong Kong Select Capital Guaranteed Fund**

Cheung Kong (Holdings) Limited  
CLP Holdings Limited  
Hang Seng Bank Limited  
The Hong Kong and China Gas Company Limited  
HSBC Holdings plc  
The Bank of East Asia Limited  
Sun Hung Kai Properties Limited  
Hong Kong Electric Holdings Limited  
MTR Corporation Limited  
BOC Hong Kong (Holdings) Limited

If the market prices of all the stocks in the baskets had increased/(decreased) by 20% (2008: 5%) at the year end with all other variables held constant, it is estimated that the net assets attributable to shareholders would have increased/(decreased) accordingly as follows:

|                           | Global<br>Radar<br>Fund<br>\$'000 | Hong Kong<br>Select<br>Capital<br>Guaranteed<br>Fund<br>\$'000 | Striker<br>Fund<br>\$'000 |
|---------------------------|-----------------------------------|--|---------------------------|
| <b>At 30 April 2009</b>   |                                   |  |                           |
| Increase in market prices | 42                                | 185  | –                         |
| Decrease in market prices | (11)                              | (108)  | –                         |
| <b>At 30 April 2008</b>   |                                   |  |                           |
| Increase in market prices | 23                                | 80   | –                         |
| Decrease in market prices | (12)                              | (81)   | –                         |

(b) Liquidity risk

The Sub-Funds are exposed to liquidity risk through investing in the financial instruments which are not listed on any stock exchange and are not readily liquid instruments. There may exist a time when there is a lack of liquidity or low trading volume in the market of the structured notes, and this potential illiquidity could significantly decrease the market value of the structured notes. In order to meet redemption requests other than on the Guarantee Maturity Date, the Issuer or the Liquidity Provider is obligated to use reasonable endeavours to quote a price at which it would be willing to purchase the structured notes.

(c) Credit risk

Credit risk arises from the issuer of a financial instrument being unable or unwilling to make timely principal and/or interest payments, or to honour its obligations and may result in significant loss to the Sub-Funds.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of the statement of assets and liabilities. This relates also to financial assets carried at historical cost, as they have a short-term to maturity.

The Sub-Funds are subject to the risks that the note issuers and the guarantors may be unable or unwilling to perform their obligations with respect thereto. The Sub-Funds control the risk by investing in notes issued and guaranteed by AA- or higher rated entities as determined by Standard & Poor's at the time of investment and monitoring the credit ratings of those entities on a regular basis.

The Sub-Funds' notes are held by HSBC Institutional Trust Services (Asia) Limited (the "Principal Sub-Custodian and Administrator's Agent). Bankruptcy or insolvency of the Principal Sub-Custodian and Administrator's Agent may cause the Sub-Funds' rights with respect to notes held by the Principal Sub-Custodian and Administrator's Agent to be delayed or limited. The Sub-Funds monitor the credit quality and financial positions of the Principal Sub-Custodian and Administrator's Agent the Sub-Funds use.

## 6 Investments

|  | Global Rader Fund |         | Hong Kong<br>Select Capital<br>Guaranteed Fund |        | Striker Fund |         | Fund Total |         |
|--|-------------------|---------|--|--------|--------------|---------|------------|---------|
|  | 2009              | 2008    | 2009   | 2008   | 2009         | 2008    | 2009       | 2008    |
|  | \$'000            | \$'000  | \$'000   | \$'000 | \$'000       | \$'000  | \$'000     | \$'000  |
| Unlisted notes   | 19,593            | 18,403  | 14,233   | 18,853 | 68,335       | 66,618  | 102,161    | 103,874 |
| Investments, at cost   | 20,363            | 21,589  | 13,332   | 17,796 | 63,633       | 73,931  | 97,328     | 113,316 |
| Net unrealised<br>(depreciation)/appreciation<br>in value of investments | (770)             | (3,186) | 901  | 1,057  | 4,702        | (7,313) | 4,833      | (9,442) |
|  | 19,593            | 18,403  | 14,233   | 18,853 | 68,335       | 66,618  | 102,161    | 103,874 |

The fair value of the notes are estimated based on relevant underlying baskets (see note 5(a)(iii)) and other parameters in accordance with the formula set out in the relevant financial instrument agreements.

## 7 Gains and losses on investments

### 2009

|   | Realised<br>gains | Unrealised<br>gains | Total<br>gains on<br>investment | Realised<br>losses | Unrealised<br>losses | Total<br>losses on<br>investment |
|---|-------------------|---------------------|---------------------------------|--------------------|----------------------|----------------------------------|
|   | \$'000            | \$'000              | \$'000                          | \$'000             | \$'000               | \$'000                           |
| Allianz Global Investors<br>Global Radar Fund                           | –                 | 2,416               | 2,416                           | (362)              | –                    | (362)                            |
| Allianz Global Investors<br>Hong Kong Select<br>Capital Guaranteed Fund | 594               | 150                 | 744                             | (331)              | (306)                | (637)                            |
| Allianz Global Investors Striker Fund                                   | –                 | 12,015              | 12,015                          | (1,373)            | –                    | (1,373)                          |
| Fund total  | 594               | 14,581              | 15,175                          | (2,066)            | (306)                | (2,372)                          |

### 2008

|   | Realised<br>gains | Unrealised<br>gains | Total<br>gains on<br>investment | Realised<br>losses | Unrealised<br>losses | Total<br>losses on<br>investment |
|---|-------------------|---------------------|---------------------------------|--------------------|----------------------|----------------------------------|
|   | \$'000            | \$'000              | \$'000                          | \$'000             | \$'000               | \$'000                           |
| Allianz Global Investors<br>Global Radar Fund                           | –                 | 771                 | 771                             | (577)              | –                    | (577)                            |
| Allianz Global Investors<br>Hong Kong Select<br>Capital Guaranteed Fund | 863               | 1,451               | 2,314                           | (436)              | –                    | (436)                            |
| Allianz Global Investors Striker Fund                                   | –                 | 12,263              | 12,263                          | (2,808)            | –                    | (2,808)                          |
| Fund total  | 863               | 14,485              | 15,348                          | (3,821)            | –                    | (3,821)                          |

## 8 Realisation value per participating share

Shares of the Sub-Funds redeemed other than on the Guarantee Maturity Date will be redeemed at the Sub-Funds' Redemption Price per share (realisation value per participating share). The Redemption Price of the Sub-Funds (realisation value) will reflect the deduction of the management fee and other fees to the Manager for the full Guarantee Period; there will be no refund of any part of the prepaid fees to shareholders of the Sub-Funds who redeem their shares prior to the Guarantee Maturity Date. Also, the valuation of unlisted investments held by the Sub-Funds derived in accordance with the Prospectus may be different from their fair value calculated in accordance with HKAS 39. Accordingly the realisation value per participating share of the Sub-Funds does not equal the net asset value per participating share of the Sub-Funds shown in the financial statements.

The amount of prepaid management fee and prepaid working capital, cash deducted for payment of other fees to the Manager and differences in valuation of investments for the purpose of the above calculation in order to arrive at the realisation value per participating share of the Sub-Funds is summarized below:

|   | Global<br>Rader<br>Fund | Hong Kong<br>Select Capital<br>Guaranteed<br>Fund | Striker<br>Fund |
|---|-------------------------|---|-----------------|
|   | \$'000                  | \$'000  | \$'000          |
| 2009  |                         |   |                 |
| Net assets as stated  | 20,571                  | 14,372  | 71,043          |
| Valuation of investments (see note (a))                                   | (8,830)                 | –   | (15,697)        |
| Prepaid management fee (see note 4(a))                                    | (687)                   | (96)  | (1,556)         |
| Prepaid working capital (see note 4(b))                                   | –                       | (37)  | –               |
| Cash deducted for payment of<br>other fees to the Manager (see note 4(b)) | (285)                   | –   | (1,129)         |
| Adjusted net assets for calculation of realisation value                  | 10,769                  | 14,239  | 52,661          |
| Number of participating shares in issue                                   | 2,196,580               | 1,406,930   | 6,842,400       |
| Realisation value per participating share                                 | \$4.90                  | \$10.12   | \$7.69          |

- (a) In accordance with the Prospectus, in order to meet realisation requests and calculate realisation value, the unlisted investments held by the Sub-Funds are stated at quotation provided by liquidity providers to unwind any part of the notes (the “unwind price”). As the unwind price will be affected by factors including the cost to the issuers of unwinding any related hedging activity or any funding arrangement, it may be different from the fair value calculated in accordance with HKAS 39.

|  | <b>Global<br/>Radar<br/>Fund<br/>\$'000</b> | <b>Hong Kong<br/>Select Capital<br/>Guaranteed<br/>Fund<br/>\$'000</b> | <b>Striker<br/>Fund<br/>\$'000</b> |
|--|---|--|------------------------------------|
| <b>2008</b>  |   |  |                                    |
| Net assets as stated   | 19,600                                      | 19,242   | 70,168                             |
| Prepaid management fee (see note 4(a))                                 | (866)                                       | (297)  | (2,206)                            |
| Prepaid working capital (see note 4(b))                                | –   | (85)   | –                                  |
| Cash deducted for payment of other fees to the Manager (see note 4(b)) | (325)                                       | –  | (1,324)                            |
| Adjusted net assets for calculation of realisation value               | <u>18,409</u>                               | <u>18,860</u>  | <u>66,638</u>                      |
| Number of participating shares in issue                                | <u>2,328,880</u>                            | <u>1,878,175</u>   | <u>7,949,600</u>                   |
| Realisation value per participating share                              | <u>\$7.90</u>                               | <u>\$10.04</u>   | <u>\$8.38</u>                      |

## 9 Taxation

There are no taxes on income or gains in the Cayman Islands and the Fund has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting the Fund from all local income, profits and capital taxes until 2021.

No provision for Hong Kong profits tax has been made in the financial statements as the interest and realised gain on disposal of investments of the Fund and its Sub-Funds are exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

## 10 Material related party transactions

In addition to the transactions disclosed in Notes 3 and 4, the other related party transactions were as follows. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

- (a) Where applicable, the directors of the Fund, its Manager and its investment advisor may be investing from time to time in the Fund and its Sub-Funds in accordance with the principles in Allianz Global Investors Code of Ethics.

Allianz Global Investors Hong Kong Limited, the Manager of the Fund and its Sub-Funds, held 100 management shares (2008: 100 shares) in the Fund and 500 shares (2008: 500 shares) in Allianz Global Investors Hong Kong Select Capital Guaranteed Fund as at 30 April 2009.

During the year ended 30 April 2009, Eleanor Wan, the Director of the Fund, redeemed all 2,500 shares in Allianz Global Investors Striker Fund and incurred a realised loss of US\$5,575 upon redemption. Consequently, no shares (2008: 2,500 shares) were held by the Directors of the Fund in Allianz Global Investors Striker Fund as at 30 April 2009.

During the year ended 30 April 2008, Allianz Global Investors Hong Kong Limited acquired and redeemed 20,000 shares in Allianz Global Investors Global Radar Fund and incurred a realised loss of US\$5,600.

- (b) The Fund and its Sub-Funds utilised the banking services of several entities within The Hong Kong and Shanghai Banking Corporation Limited (“HSBC Group”) which are fellow subsidiaries of the custodian in the ordinary course of its banking and securities custodial activities. The Fund and its Sub-Funds earned interest income from deposit placements for the year ended 30 April as follows:

|   | <b>2009<br/>\$'000</b> | <b>2008<br/>\$'000</b> |
|---|------------------------|------------------------|
| Allianz Global Investors Global Radar Fund                        | 6                      | 15                     |
| Allianz Global Investors Hong Kong Select Capital Guaranteed Fund | –                      | 3                      |
| Allianz Global Investors Striker Fund                             | <u>27</u>              | <u>61</u>              |
|   | <u>33</u>              | <u>79</u>              |

As at the date of the statement of assets and liabilities, cash balances with the HSBC Group were as follows:

|   | <b>2009<br/>\$'000</b> | <b>2008<br/>\$'000</b> |
|---|------------------------|------------------------|
| Allianz Global Investors Global Radar Fund                        | 291                    | 331                    |
| Allianz Global Investors Hong Kong Select Capital Guaranteed Fund | 7                      | 7                      |
| Allianz Global Investors Striker Fund                             | <u>1,151</u>           | <u>1,344</u>           |
|   | <u>1,449</u>           | <u>1,682</u>           |

- (c) The custodian fee of the Sub-Funds was paid by the Manager and included in the other fees to the Manager of the Sub-Funds.

## 11 Guarantee

### Allianz Global Investors Global Radar Fund

A Deed of Guarantee was made on 26 July 2004 by the Guarantor of Allianz Global Investors Global Radar Fund. Subject to the terms and conditions of the Deed of Guarantee, the Guarantor irrevocably agrees to pay to the Guarantee Claims Agent, HSBC Institutional Trust Services (Asia) Limited, for the benefit of each shareholder in respect of shares held:

- (a) On the First Guaranteed Coupon Payment Date, an amount equal to the relevant Guaranteed Coupon Shortfall in respect of the First Guaranteed Coupon Payment Date provided that the maximum aggregate liability of the Guarantor in respect of the First Guaranteed Coupon Payment Date shall not exceed the First Guaranteed Coupon Payment multiplied by the number of Shares in issue as at the First Guaranteed Coupon Payment Date.

- (b) On the Final Guaranteed Coupon Payment Date, an amount equal to the relevant Guaranteed Coupon Shortfall in respect of the Final Guaranteed Coupon Payment Date provided that the maximum aggregate liability of the Guarantor in respect of the Final Guaranteed Coupon Payment Date shall not exceed the Final Guaranteed Coupon Payment multiplied by the number of Shares in issue as at the Final Guaranteed Coupon Payment Date.
- (c) By each such Holder at the Guarantee Maturity Date, an amount equal to the Capital Shortfall provided that the maximum aggregate liability of the Guarantor shall not exceed an amount equal to the product of the Guaranteed Redemption Value and the number of Shares in issue at, and redeemed on, the Guarantee Maturity Date.

The Guarantor's liability under the Deed of Guarantee is limited to the amount of coupon and principal payments due and payable by the issuer under the Notes, but which have not been made in accordance with the terms of the Notes and is limited in amount to the actual amount of the shortfall in the payment due under the Notes.

#### Allianz Global Investors Hong Kong Select Capital Guaranteed Fund

A Deed of Guarantee was made on 23 November 2004 by the Guarantor of Allianz Global Investors Hong Kong Select Capital Guaranteed Fund. Subject to the terms and conditions of the Deed of Guarantee, the Guarantor irrevocably agrees to pay to the Guarantee Claims Agent, HSBC Institutional Trust Services (Asia) Limited, for the benefit of each shareholder in respect of each share held and redeemed by each such shareholder at the Guarantee Maturity Date an amount equal to the excess of the Guaranteed Redemption Price over the Redemption Price at the Guarantee Maturity Date provided that the maximum aggregate liability of the Guarantor under the Deed of Guarantee shall not exceed an amount equal to the lesser of (i) the Principal Redemption Amount and (ii) the product of the Guaranteed Redemption Value and the number of shares in issue at, and redeemed on, the Guarantee Maturity Date.

#### Allianz Global Investors Striker Fund

A Deed of Guarantee was made on 8 October 2003 by the Guarantor of Allianz Global Investors Striker Fund. Subject to the terms and conditions of the Deed of Guarantee, the Guarantor irrevocably agrees to pay to the Guarantee Claims Agent, HSBC Institutional Trust Services (Asia) Limited, for the benefit of each shareholder in respect of shares held:

- (a) On the First Guaranteed Coupon Payment Date, an amount equal to the relevant Guaranteed Coupon Shortfall in respect of the First Guaranteed Coupon Payment Date provided that the maximum aggregate liability of the Guarantor in respect of the First Guaranteed Coupon Payment Date shall not exceed the First Guaranteed Coupon Payment multiplied by the number of Shares in issue as at the First Guaranteed Coupon Payment Date.
- (b) On the Second Guaranteed Coupon Payment Date, an amount equal to the relevant Guaranteed Coupon Shortfall in respect of the Second Guaranteed Coupon Payment Date provided that the maximum aggregate liability of the Guarantor in respect of the Second Guaranteed Coupon Payment Date shall not exceed the Second Guaranteed Coupon Payment multiplied by the number of Shares in issue as at the Second Guaranteed Coupon Payment Date.
- (c) On the Final Guaranteed Coupon Payment Date, an amount equal to the relevant Guaranteed Coupon Shortfall in respect of the Final Guaranteed Coupon Payment Date provided that the maximum aggregate liability of the Guarantor in respect of the Final Guaranteed Coupon Payment date shall not exceed the Final Guaranteed Coupon Payment multiplied by the number of Shares in issue as at the Final Guaranteed Coupon Payment Date.
- (d) By each such Holder at the Guarantee Maturity Date, an amount equal to the Capital Shortfall provided that the maximum aggregate liability of the Guarantor shall not exceed an amount equal to the product of the Guaranteed Redemption Value and the number of Shares in issue at, and redeemed on, the Guarantee Maturity Date.

The Guarantor's liability under the Deed of Guarantee is limited to the amount of coupon and principal payments due and payable by the issuer under the Notes, but which have not been made in accordance with the terms of the Notes and is limited in amount to the actual amount of the shortfall in the payment due under the Notes.

## 12 Distribution to shareholders

Allianz Global Investors Global Radar Fund did not pay distribution to shareholders during the year ended 30 April 2009 (2008: Nil).

Allianz Global Investors Hong Kong Select Capital Guaranteed Fund paid US\$0.25 per share on 6 February 2009 (2008: US\$0.25 on 1 February 2008), recorded as at 2 February 2009 (2008: 28 January 2008).

Allianz Global Investor Striker Fund paid US\$0.063 per share on 27 May 2008 and US\$0.042 on 25 November 2008, recorded as at 19 May 2008 and 17 November 2008 respectively (2008: Nil).

## 13 Soft commission arrangements

The manager has not entered into any soft commission arrangements with brokers.

## 14 Post balance sheet event

Allianz Global Investors Striker Fund was terminated on 18 May 2009 being the Coupon Payment Date by which shareholders have received accumulated Coupon Payments equal to 13% of their initial investment in the Sub-Fund. In accordance with the Prospectus, the Sub-Fund will be terminated and all shares of the Sub-Fund in issues are compulsorily redeemed on the Coupon Payment Date when accumulated coupon payments reach 13% of initial investment.

## 15 Key sources of estimation uncertainty

As indicated in note 6, the fair value of the Funds' investments are estimated based on the performance of the underlying basket (see note 5(a)(iii)) and other parameters in accordance with the formula set out in the relevant financial instrument agreements. Fair value estimates are made at a specific point in time, based on information about the financial instrument and prevailing market conditions at that point in time.

## 16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 April 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 April 2009 and which have not been adopted in these financial statements. Of these developments, the following relate to matters that may be relevant to the Fund's operations and financial statements:

*Effective for  
accounting periods  
beginning on or after*

|                       |                                     |                |
|-----------------------|-------------------------------------|----------------|
| Revised HKAS 1        | Presentation of financial statement | 1 January 2009 |
| Amendments to HKAS 32 | Financial instruments: Presentation | 1 January 2009 |
| Amendments to HKFRS 7 | Financial instruments: Disclosure   | 1 January 2009 |

The Fund and its Sub-Funds are in the process of making an assessment of what the impacts of these amendments, new standards and interpretations is expected to be in the period of initial application. So far they have concluded that the adoption of them is unlikely to have a significant impact on the Fund's and its Sub-Funds' result of operations and financial position.

## Report of the Custodian to the Shareholders of Allianz Global Investors Dynamic Series Limited

(Formerly known as Dresdner RCM Dynamic Series Limited)

We hereby confirm that, in our opinion, the Manager of Allianz Global Investors Global Radar Fund, Allianz Global Investors Hong Kong Select Capital Guaranteed Fund and Allianz Global Investors Striker Fund (the “Sub-Funds”) within Allianz Global Investors Dynamic Series Limited (formerly known as Dresdner RCM Dynamic Series Limited) (the “Fund”) has, in all material respects, managed the Sub-Funds in accordance with the provisions of the Memorandum and Articles of Association of the Fund during the year ended 30 April 2009.

For and on behalf of  
Bank of Bermuda (Cayman) Limited  
18 August 2009

## Independent Auditors’ Report to the Shareholders of Allianz Global Investors Dynamic Series Limited

(Formerly known as Dresdner RCM Dynamic Series Limited)  
(A company incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Allianz Global Investors Dynamic Series Limited (the “Fund”) and its Sub-Funds set out on pages 12 to 36, which comprise the statement of assets and liabilities as at 30 April 2009, and the revenue statement, statement of changes in net assets attributable to shareholders, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Directors’ responsibility for the financial statements

The Directors of the Fund are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for ensuring that the financial statements comply with the relevant disclosure requirements set out in Appendix E to the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the “Code”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and the fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund and its Sub-Funds as at 30 April 2009 and their financial performance and their cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards, and have been properly prepared in accordance with the relevant disclosure requirements of the Code.

Chartered Accountants  
Cayman Islands  
Century Yard, Cricket Square  
George Town  
Cayman Islands  
18 August 2009

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