

# Allianz Institutional Investors Series

Société d'Investissement à Capital Variable  
Allianz Global Investors GmbH

PROSPECTUS  
12 NOVEMBER 2024

**Allianz**   
Global Investors

# Important Notices

The Board of Directors accepts responsibility for the information contained in the Prospectus. To the best of the knowledge and belief of the Board of Directors (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Board of Directors accepts responsibility accordingly.

This Prospectus is dated 12 November 2024. If you have any doubts about the content of this Prospectus, you should consult with your broker, the customer service representative at your bank, your lawyer, tax advisor, auditor or another financial advisor. Any Appendix, and any subsequent supplements to the Prospectus, form part of the Prospectus and should be read accordingly.

The Company is registered under Part I of the Luxembourg Law of 17 December 2010 (the "Law"). This registration does not require the CSSF to approve or disapprove of either the adequacy or accuracy of the information contained in the Prospectus or the assets or portfolios held by the Sub-Funds. Any representation contrary to the Law is unauthorised and is not permitted. The Company qualifies as a UCITS within the meaning of the UCITS Directive and the Board of Directors has recommended that Shares or the Company itself be registered for sale in certain member states of the European Union in accordance with the UCITS Directive. Shares may also be registered for sale in other countries outside the European Union.

The value of Shares and income arising from them may rise and fall and investors may not recover the amount originally invested. Before investing in a Sub-Fund, investors are advised to take into account the risks associated with making an investment (see "General Risk Factors" and the risk profile of the respective Sub-Fund). Investors should inform themselves as to any applicable legal requirements, any foreign-exchange restrictions, or any tax implication in their country of citizenship, residence or domicile prior to the purchase, conversion or redemption of Shares.

The annual and semi-annual reports of the Company, the Articles of Incorporation, the Prospectus and the Key Information Documents, as well as the issue, redemption and conversion prices are available, free of charge, at the registered office of the Company or from the Management Company, the Distributors and the Information Agents.

No person is authorised to provide information about the Company other than that which is contained in the Prospectus or in the other documents referred to herein and, if given, such statements or representations should not be relied on as having been authorised by the Company.

The Prospectus does not constitute an offer or an invitation to subscribe for Shares in any jurisdiction in which such an offer or invitation is not lawful or in which the person making such offer or invitation is not qualified or in which the person so invited does not fulfil the requirements for such purchase.

The Company is established as an umbrella fund with several Sub-Funds pursuant to Article 181 of the Law. A separate portfolio of assets is maintained for each Sub-Fund and is managed in accordance with its specific investment objective. Investors can choose to invest in a Sub-Fund that corresponds to their desired investment policy, specific tolerance for risk and their requirements for diversification of investment.

The Shares issued in accordance with the terms of this Prospectus refer to each Sub-Fund and to each Share Class of each Sub-Fund. Shares are issued, redeemed, and converted at a price calculated on the basis of the Net Asset Value per Share, taking into account any relevant charges and fees incurred.

The Board of Directors may at any time issue additional Share Classes in a Sub-Fund or at any time may launch additional Sub-Funds with investment objectives that may be similar or different to those of the existing Sub-Funds. When new Sub-Funds are launched, the Prospectus is supplemented accordingly.

This Prospectus may be translated into other languages. In the event of inconsistency or ambiguities in the interpretation of the translated text, the original English version is binding provided that it does not violate applicable local laws.

## **Investment Restrictions applying to US Persons**

The Company is not and will not be registered in the United States of America under the Investment Company Act of 1940 as amended. The Shares of the Company have not been and will not be registered in the United States of America under the Securities Act of 1933 as amended (the "Securities Act") or under the securities laws of any state of the United States of America. The Shares made available under this offer may not be directly or indirectly offered or sold in the United States of America or to or for the benefit of any US Person as defined in Rule 902 of Regulation S under the Securities Act. Applicants may be required to declare that they are not a US Person and are not applying for Shares on behalf of any US Person nor acquiring Shares with the intent to sell them to a US Person. Should a shareholder become a US Person, they may be subject to US withholding taxes and tax reporting.

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# Definitions

## Accumulation Shares

Accumulation Shares are shares in relation to which the income earned thereon is generally not paid out to Shareholders. Instead, the income remains in the Sub-Fund or in the respective Share Class and is reflected in the value of the Accumulation Shares.

## Appendix

Appendix refers to any Appendix to the current version of the Prospectus.

## Articles of Incorporation

The Articles of Incorporation of the Company dated 9 March 2011 as supplemented and amended from time to time.

## Base Currency

means the currency of denomination of the respective Sub-Fund.

## Benchmark Regulation

means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (as amended from time to time)

## Bond Connect

means the program launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

## Bond Market

includes, but is not limited to, (i) a regulated market within the meaning of the MiFID Directive, (ii) another market in a Member State of the EU which is regulated, operates regularly and is recognized and open to the public and/or (iii) an exchange in a non-Member State of the EU or (iv) a market in a Non-Member State of the EU which is regulated, operates regularly and is recognised and open to the public.

## Board of Directors

The Directors listed in the "Management of the Company" section.

## Business Day

Each day on which banks and exchanges in Luxembourg are open for business. For the avoidance of doubt, half-closed bank business days in Luxembourg are considered as being closed for business.

## CET

Central European Time.

## CEST

Central European Summer Time.

## CIBM

means the China interbank bond market which is the over-the-counter market for bonds issued and traded in the PRC. A new scheme (the "CIBM Initiative") was launched in 2016 for foreign institutional investors to access onshore bonds directly through CIBM, complementing existing schemes (e.g. FII Program) and "dim sum" bonds traded in Hong Kong. Under the CIBM Initiative, foreign institutions can trade bonds directly through settlement agent banks in the PRC. There are no specific quota limits imposed on the foreign institutional investor.

**CNH**

has the meaning ascribed to it in the definition of RMB.

**CNY**

has the meaning ascribed to it in the definition of RMB.

**Company**

Allianz Institutional Investors Series including all current and future Sub-Funds.

**Conversion Fee**

The fee charged when converting Shares of a Sub-Fund pursuant to Appendix 4.

**CSSF**

Commission de Surveillance du Secteur Financier (see "Supervisory Authority")

**Dealing Day**

A Dealing Day is a day on which subscription, redemption and conversion applications would be accepted by the Company. A Dealing Day is every Valuation Day, unless otherwise stated in the information sheet of the respective Sub-Fund.

**Depositary**

State Street Bank International GmbH, Luxembourg Branch  
49, avenue J.F. Kennedy  
L-1855 Luxembourg

**Developed Country/Countries**

A Developed Country is that which is classified by the World Bank as a high gross national income per capita country.

**Distribution Shares**

Distribution Shares are shares which generally distribute net income, or, if applicable, income from disposals or other components.

**Distributors**

Each Distributor appointed by the Company.

**Duration**

Duration shall mean the average cash-value weighted residual maturity.

**Emerging Market/Markets**

An Emerging Market is a country which is not classified by the World Bank as a high gross national income per capita country.

**Equity/Equities**

Equity/Equities shall include all equities and comparable securities, as referred to and as applicable within each relevant Sub-Fund investment policy.

**Equity Market**

includes, but is not limited to, (i) a regulated market within the meaning of the MiFID Directive, (ii) another market in a Member State of the EU which is regulated, operates regularly and is recognized and open to the public and/or (iii) a stock exchange in a non-Member State of the EU or (iv) a market in a Non-Member State of the EU which is regulated, operates regularly and is recognised and open to the public.

**Equity Participation according to Art. 2 Section 8 GITA**

includes, but is not limited to, (1) shares in a company admitted to trading on an exchange or on an organized market (which fulfils the criteria of a Regulated Market) or included in such market, and/or (2) shares in a company other than a

real estate company that is (i) resident in the EU / EEA and which is not exempt from income taxation there; or (ii) is a resident of a non-EU country and subject to income taxation of at least 15% and/or (3) units of “equity-funds” or “mixed-funds” according to GITA as mentioned in the GITA Restriction with their relevant percentage of a permanent physical investment in an Equity Participation according to Art. 2 Section 8 GITA as disclosed in the respective fund’s investment guidelines.

#### **EUR or Euro**

EUR or Euro refers to the official currency of the member countries of the European Monetary Union.

#### **FII**

means a qualified foreign institutional investor under the FII Regulations.

#### **FII Eligible Securities**

means securities and investments permitted to be held or made by a FII under the FII Regulations.

#### **FII Program / FII Regime**

means the qualified foreign institutional investors regime in the PRC (including QFII program and RQFII program).

#### **FII Regulations**

means the laws and regulations governing the establishment and operation of the qualified foreign institutional investors regime in the PRC (including the qualified foreign institutional investor program (“QFII program”) and the RMB qualified foreign institutional investor program (“RQFII program”)), as may be promulgated and/or amended from time to time.

#### **GITA**

means German Investment Tax Act as amended and effective as of 1 January 2022.

#### **GITA Restriction**

means that a Sub-Fund - irrespective of its specific Asset Class Principles, its individual investment objective and its individual investment restrictions which fully continue to apply – is either permanently physically invested with a minimum of at least 51 % of its Sub-Fund assets (the amount of Sub-Fund assets according to GITA Restriction is to be determined by the value of Sub-Fund assets without taking into account any liabilities of the Sub-Fund in an Equity Participation according to Art. 2 Section 8 GITA in order to classify as an “equity-fund” according to GITA or is permanently physically invested with a minimum of at least 25 % of its Sub-Fund assets (the amount of Sub-Fund assets according to GITA Restriction is to be determined by the value of Sub-Fund assets without taking into account any liabilities of the Sub-Fund in an Equity Participation according to Art. 2 Section 8 GITA in order to classify as a “mixed-fund” according to GITA.

#### **GBP or Pound Sterling**

GBP or Pound Sterling refers to the official currency of the United Kingdom.

#### **Growth Stocks**

Growth Stocks shall include Equities which the Investment Manager considers to have growth potential which is not sufficiently accounted for in their current prices.

#### **Independent Auditor**

PricewaterhouseCoopers Société coopérative  
2, rue Gerhard Mercator  
L-1014 Luxembourg

#### **Information Agent**

Each Information Agent appointed by the Company.

#### **Interest-bearing Security/Securities**

Interest-bearing Security is any security which bear interest, including, but not limited to, zero-coupon bonds, in particular government bonds, mortgage bonds and similar foreign asset-backed securities issued by financial institutions, public-sector bonds, floating-rate notes, convertible bonds and bonds with warrants, corporate bonds, mortgage-backed securities and asset-backed securities, as well as other collateralised bonds.



**Institutional Investors**

An institutional investor within the meaning of articles 174, 175 and 176 of the Law.

**Investment Manager**

Each of the Investment Managers appointed by the Company and listed in the Directory at the end of the Prospectus.

**Law**

The Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended from time to time.

**Management Company**

Allianz Global Investors GmbH  
Bockenheimer Landstrasse 42 – 44  
60323 Frankfurt/Main  
Germany

**Net Asset Value/NAV**

The asset value determined pursuant to the section "Calculation of Net Asset Value per Share".

**Paying and Information Agent**

Each Paying and Information Agent appointed by the Company.

**PAI Indicator(s)**

are various indicators which intend to show the material or likely to be material impact of investment decisions on Sustainability Factors. PAI Indicators include, but are not limited to, greenhouse gas emissions, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, an indicator applicable to investments in securities of sovereign issuers. PAI indicators are used to measure how issuers negatively impact Sustainability Factors.

**PRC**

means the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

**PRC Broker**

means Brokers in PRC appointed by a FI.

**PRC Depositary**

means depositaries (i.e. local custodians) in PRC appointed by a FI.

**Prospectus**

The Prospectus of the Company in the currently valid version including all amendments and supplements thereto.

**Redemption Price**

The share redemption price for Shares of a Share Class of a Sub-Fund corresponds to the Net Asset Value per Share of the respective Share Class less redemption fee, if applicable.

**Reference Currency**

Currency in which the Net Asset Value per Share of a Share Class is calculated.

**Registered office of the Company**

6A, route de Trèves  
L-2633 Senningerberg

**Registrar Agent**

State Street Bank International GmbH, Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

**Regulated Market**

Each Regulated Market in any country that, as defined in Article 41(1) of the Law, operates regularly, is recognised and open to the public.

**Reporting Currency**

Reporting Currency of the Company.

**Representative**

Each representative appointed by the Company.

**Reverse Leverage**

With regard to index-tracking leveraged UCITS Reverse Leverage means a market-contrary replication of the underlying index with a participation rate of more than 100%.

**RMB**

means the Chinese Renminbi, the official currency of the PRC and, unless the context otherwise requires, the term "RMB" refers to offshore Chinese Renminbi ("CNH") traded offshore in Hong Kong or markets outside the PRC and not to onshore Chinese Renminbi ("CNY").

**RESA**

means Recueil Electronique des Sociétés et Associations

**Sales Charge**

The fee outlined in Appendix 4 charged when subscribing for Shares of a Sub-Fund.

**Securities Depository**

Clearstream, Euroclear, National Securities Clearing Corporation (NSCC) and other settlement systems through which Shares are issued. The Shares held in safekeeping at the securities depositories are vested in global certificates. Investors should note that Euroclear only issues whole Shares.

**Securities Financing Transactions Regulation**

means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.

**SFDR or Sustainability-related Disclosure Regulation**

means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

**SFDR Target Fund(s)**

means a Target Fund which promotes environmental or social characteristics or having Sustainable Investments as objective pursuant to Article 8 or Article 9 of the Sustainability-related Disclosure Regulation. External SFDR Target Fund(s) might apply additional or other sustainability features and/or exclusion criteria deviating to those applicable for internal SFDR Target Funds as described in this Prospectus.

**Share**

A share issued by the Company in respect of a Share Class of a Sub-Fund.

**Share Class**

A share class of a Sub-Fund, which may have different characteristics to other share classes (including but not limited to charges, fee structures, use of income, minimum investment amount, Reference Currency, currency hedging, subscription and redemption procedures).

**Shareholder**

A holder of Shares in the Company.

### SICAV

Société d'Investissement à Capital Variable (investment company with variable share capital).

### SRI

means Sustainable Responsible Investing.

### SRI Rating

is an internal rating assessment which is based on Sustainability Research and assigned to a corporate or a sovereign issuer. Each SRI Rating is therefore based upon the analysis of criteria considering the domains human rights, social, environmental, business behaviour and governance. SRI Ratings may be used to apply negative or positive screens on a Sub-Fund's investment universe in accordance with the objective of the Sustainability Strategy. While most holdings of Sub-Funds will have a corresponding SRI Rating some investments cannot be rated according to the Sustainability Research methodology. Examples of instruments not attaining to the SRI Rating include, but are not limited to, cash, Deposits, and non-rated investments.

### Sub-Fund

Each Sub-Fund of the Company.

### Subscription Price

The share Subscription Price for Shares of a Share Class of a Sub-Fund corresponds to the Net Asset Value per Share of the respective Share Class plus Sales Charge, if applicable.

### Supervisory Authority

The Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier).

### Sustainability Factors

means environmental, social and employee matters, respect for human rights, anti-corruption, anti-bribery matters, and any other governance matters.

### Sustainability Research

means the overall process of identifying potential risks as well as potential opportunities of an investment in securities of an issuer related to the analysis of Sustainability Factors. Sustainability Research data combines external research data (which might have some limitations) with internal analyses. Based on a combination of the results of the external and/or internal analyses of the Sustainability Factors, an internal rating (SRI Rating) is assigned to a corporate or sovereign issuer.

### Sustainable Investments

means an investment in an economic activity that, as measured, contributes to an environmental and/or social objectives (investing in business activities that foster positive contribution to sustainable objectives), provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance. Environmental and social contributions can be defined e.g., along the UN Sustainable Development Goals, as well as the taxonomy objectives. The computation of the positive contribution for the Sub-Funds is based on a quantitative framework, complemented by qualitative inputs by Sustainability Research. The methodology applied first breaks down a company into its business activities in order to assess whether these activities are providing a positive contribution to environmental and/or social objectives. Following the mapping of business activities, an asset-weighted aggregation on portfolio level is conducted in order to compute a percentage share of positive contribution per portfolio.

### UCI Administration Agent

Allianz Global Investors GmbH, acting through the Luxembourg Branch  
6A, route de Trèves  
L-2633 Senningerberg

### UCITS or other UCI

Undertakings for collective investment in transferable securities (UCITS) or other undertakings for collective investment (UCI) as defined in the Law.

#### **UCITS Directive**

Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended from time to time.

#### **UCITS Regulation**

Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries.

#### **United States**

The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

#### **US Persons**

Any person that is a United States Person within the meaning of Rule 902 of Regulation S under the United States Securities Act of 1933 (the "Securities Act"), as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

A United States Person includes but is not limited to: i. any natural person resident in the United States; ii. any partnership or corporation organized or incorporated under the laws of the United States; iii. any estate of which any executor or administrator is a US Person; iv. any trust of which any trustee is a US Person; v. any agency or branch of a foreign entity located in the United States; vi. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person; vii. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and viii. any partnership or corporation if: (1) organized or incorporated under the laws of any foreign jurisdiction; and (2) formed by a US person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

#### **USD or US Dollar**

USD or US Dollar refers to the official currency of the United States of America.

#### **VAG Investment Restriction**

means that a Sub-Fund to the extent it invests - irrespective of its individual investment objective and its individual investment restrictions which fully continue to apply - in (1) ABS/MBS may only invest in ABS/MBS which at the time of acquisition have a rating of at least BBB- (Standard & Poor's and Fitch) or of at least Baa3 (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality, and which are admitted to or included in an official market or if the issuer has its registered offices in a contracting state to the Agreement on the EEA or a full member State to the OECD and to the extent it invests in (2) Debt Securities (excluding ABS/MBS) may only invest in Debt Securities which at the time of acquisition have a rating of at least B- (Standard & Poor's and Fitch) or of at least B3 (Moody's) or the equivalent by another Rating Agency or, if unrated, as determined by the Investment Manager to be of comparable quality. In addition, VAG Investment Restriction means that for the case that two different ratings exist the lower rating will be relevant. If three or more different ratings exist, the second-highest rating will be relevant. An internal rating by the Investment Manager can only be taken into account if such internal rating complies with requirements as set out in the BaFin circular 11/2017 (VA). Assets as mentioned in sentence 1 which have been downgraded below the minimum rating as mentioned in sentence 1, must not exceed 3% of Sub-fund assets. If assets as described in the aforementioned sentence exceed 3% of the Sub-fund assets, they must be sold within six months from the day on which the exceeding of the 3% threshold took place, but only to the extent such assets exceed 3% of Sub-fund assets. Investment restrictions which are related to a specific VAG investor are not covered by the VAG Investment Restriction.

#### **Value Stocks**

Value Stocks shall include equities which the Investment Manager considers to be undervalued.

#### **Valuation Day**

A Valuation Day is each Business Day unless otherwise stated in the information sheet of the respective Sub-Fund.

# Part 1: Company Details – The Company

## 1. General Information of the Company

The Company is an umbrella fund and offers investors the opportunity to invest in a range of Sub-Funds. Each Sub-Fund has its own specific investment objective and an independent portfolio of assets.

The Company is an open-ended investment company with a variable share capital established in Luxembourg as a SICAV and is subject to the provisions of the Luxembourg law relating to commercial companies of 10 August 1915 and the Law. Its registered office is located at 6A, route de Trèves, L-2633 Senningerberg.

The Articles of Incorporation were published in the official journal of the Grand Duchy of Luxembourg (the "Mémorial") dated 9 March 2011 and deposited with the Commercial Register of Luxembourg together with the Notice Légale on the issue and redemption of Shares. All amendments carried out in the meantime have been published in the Mémorial (since 1 June 2016 in the RESA, Recueil électronique des sociétés et associations („RESA“)). These documents, including any amendments thereto, are available for inspection at the Commercial Register of Luxembourg. Copies may be obtained upon request at the registered office of the Company.

The Company has a fully paid-up minimum share capital of EUR 1,250,000.–. Fully paid-up Shares are available for subscription and redemption on an on-going basis. The Articles of Incorporation grant Shareholders the right to redeem their Shares at any time in accordance with the Articles of Incorporation and the Prospectus.

The Board of Directors have full discretion to launch new Sub-Funds or create additional Share Classes. The Prospectus will be updated, and the Key Information Documents will be created accordingly.

The Company constitutes a single legal entity. Each Sub-Fund is treated as a separate entity in relation to the Shareholders. In derogation of Article 2093 of the Luxembourg Civil Code, the assets of a specific Sub-Fund only cover the debts and obligations of that Sub-Fund, even those that exist in relation to third parties.

The share capital is reported in EUR and corresponds at all times to the combined consolidated value of the Sub-Funds.

## 2. Specific Information of the Company

Each Sub-Fund may have multiple Share Classes, which may have different characteristics (including but not limited to charges, fee structures, use of income, persons authorised to invest, minimum investment amount, Reference Currency, currency hedging, subscription, and redemption procedures). The characteristics of each Share Class are set out in detail in the information sheet of the respective Sub-Fund and in Appendix 3 and 4.

Shares are issued in either registered or bearer form and certificates may or may not be issued in global form or certificate form in respect of any Sub-Fund as indicated in the information sheet for that Sub-Fund. Shareholders are not entitled to receive delivery of physical securities / physical shares.

The Company and/or the Registrar Agent, for the purpose of FATCA compliance, may be required to disclose personal data relating to certain US persons and/or non-participant FFIs to the US Internal Revenue Service or local tax authorities.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general meetings of Shareholders, if the investor is registered himself and in his own name in the register of Shareholders of the Company. In cases where an investor invests in the Company through an intermediary investing into the Company in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

There is a required minimum investment amount for the acquisition of Shares in several Shares Classes as set out in Appendix 3 or in the information sheets. The Management Company has discretion to permit a lower minimum investment

in individual cases. Additional investments for lower amounts are permitted, provided the combined value of the Shares in the same Share Class already held by the investor at the time of the additional investment, plus the amount of the additional investment (after deduction of any Sales Charge), corresponds to at least the minimum investment amount of the Share Class in question. This calculation only relates to holdings of investors which are in custody at the same institution at which the additional investment is to be made. If an investor is acting as an intermediary for third-party final beneficiaries, then additional investments for lower amounts may only be permitted if the conditions listed above are fulfilled for each of the third-party final beneficiaries individually. A written confirmation to that effect may be required prior to investing.

The subscription of Shares is restricted to legal entities only and may not be subscribed by intermediaries acting on behalf of third-parties who are individuals. Written confirmation to that effect may be required prior to investing.

The Company may issue Shares in a Share Class with a Reference Currency different to the Base Currency of the Sub-Fund. The Company may seek to hedge to a large extent currency exposure against the Reference Currency in respect of certain Share Classes. All profits, losses and expenses associated with such a currency hedging transaction entered into in relation to one or more Share Classes will be allocated solely to the applicable Share Class or Classes. There is no guarantee that attempts to hedge currency risk will be successful or that any hedging strategy will eliminate currency risk entirely. The respective Reference Currency of a Share Class can be found in brackets after the share class type [e.g. for share class type I and Reference Currency USD: I (USD)]. If a Share Class seeks to hedge against the Reference Currency, a "H" is placed in front of the Reference Currency [e.g. for share class type I and Reference Currency USD that hedges against the Reference Currency: I (H-USD)].

All Shares participate equally in the income and liquidation proceeds of their Share Class. However, please see Appendix 3 for details of distribution and accumulation Share Classes.

The Net Asset Value is calculated for each class of Shares by dividing the value of the assets attributable to that Share Class by the number of Shares of that class in issue on the Valuation Day. When distributions are made, the value of the net assets attributable to the Shares of the distribution Share Classes is reduced by the amount of such distributions.

If a Sub-Fund issues Shares of a Share Class, the value of the net assets attributable to the respective Share Class of that Sub-Fund is increased by the proceeds raised from the issue, less any Sales Charge levied. If a Sub-Fund redeems Shares, the value of the net assets attributable to the respective Share Class of that Sub-Fund is reduced by the Net Asset Value of the Shares redeemed.

All Shares must be fully paid up. Each Share in the Company entitles the Shareholder to one vote at all general meetings of shareholders. However, the exercise of voting rights associated with Shares held by restricted persons may in relation to those Shares be refused by the Company at general meetings of Shareholders (Article 10 of the Articles of Incorporation). Shares have no nominal value or preferential rights.

Fractional Shares are issued to one thousandth of a Share with smaller fractions being rounded. Fractional Shares confer no voting rights but do entitle the Shareholder to participate proportionally in the distribution of net income and in the proceeds of liquidation of the respective Sub-Fund or Share Class.

Any future shareholder communication for each Sub-Fund of the Company – if permitted under the laws and regulations of any jurisdiction in which Sub-Funds of the Company are registered for public distribution – may exclusively be made on <https://regulatory.allianzgi.com>. In particular, this does not apply to liquidation or merger of Sub-Funds/Share Classes or any other measure the Articles of Incorporation of the Company and/or Luxembourg law are referring to or any other measure as instructed by the CSSF.

### 3. Shareholders' Meetings and Reports to Shareholders

Shareholder meetings are convened in accordance with the Articles of Incorporation and Luxembourg law.

In the event of an amendment to the Articles of Incorporation, revised Articles of Incorporation are submitted to the District Court of Luxembourg and are published in the RESA.

The financial year of the Company commences on 1 July and ends on 30 June in each year. As of 30 June, each year, the Company publishes a detailed audited report on its business operations and asset management. This report includes, among other items, a combined financial report of all Sub-Funds, a detailed presentation of the assets of each Sub-Fund,

the requirements as set out Circular 14/592 of the CSSF dated 30 September 2014 and the independent auditor's report. The Company also publishes unaudited semi-annual reports as of 31 December each year, which, among other items, includes a description of the investment portfolio of each Sub-Fund and the number of Shares issued and redeemed since the last publication.

The reports are sent to registered Shareholders upon request within four (4) months (for the annual reports) and two (2) months (for the semi-annual reports) after the date of the report. Additional copies can be obtained free of charge from the date thereof at the registered office of the Company, at the Distributors or the Paying and Information Agents.

The annual general meeting will be held in accordance with Luxembourg law at the registered office of the Company in Luxembourg, on the third Friday of October at 2.00 p.m. If this day is a legal or bank holiday in Luxembourg, the annual general meeting will take place on the next Business Day.

In accordance with the Articles of Incorporation of the Company, Shareholders of a Sub-Fund or of a Share Class may at any time call a general meeting of that Sub-Fund or Share Class, at which they may only make decisions relating to that Sub-Fund or Share Class.

The Board of Directors may define in the convening notice a date 5 days before the general meeting (referred to as "record date") by which the quorum and majority requirements shall be determined in accordance to the Shares outstanding on such record date. The voting rights of the Shareholders shall be determined by the number of Shares held at the record date.

The consolidated financial statements of the Company are prepared in Euro. The financial statements of the Sub-Funds are presented in the Base Currency of the Sub-Funds.

#### 4. Dissolution and Liquidation of the Company

The Company may at any time be dissolved by resolution of the general meeting of Shareholders, subject to the quorum and majority requirements applicable to amendments to the Articles of Incorporation.

The Board of Directors will propose the dissolution of the Company at a general meeting (for which no quorum is required) if the share capital of the Company falls below two-thirds of the minimum capital as set out in the Articles of Incorporation and again if it falls below one-quarter of its minimum capital. In the event it falls below two-thirds, a resolution may be passed by a simple majority of the Shares present or represented at such meeting. In the event it falls below one-quarter, a resolution to dissolve the Company may be passed by Shareholders holding one-quarter of the Shares represented at the general meeting.

Any such meeting must be convened and held within forty days from ascertaining that the net assets of the Company have fallen below two-thirds or one-quarter of the minimum capital.

Dissolution will be carried out by one or more liquidators, who may be individuals or legal entities, appointed by the general meeting of Shareholders. The scope of their appointment, along with their fees, shall also be determined at this meeting.

Liquidation proceeds allocated to a Share Class will be paid out to the Shareholders in that Share Class in proportion to their Shareholdings in the respective Share Class.

If the Company is liquidated (for whatever reason), the liquidation and corresponding payment of liquidations proceeds will take place in accordance with the relevant legal provisions. Unclaimed liquidation proceeds will be deposited at the Caisse de Consignation and, if unclaimed for a prescribed period, will be forfeited.

#### 5. Liquidation and Merger of Sub-Funds/Share Classes

##### Liquidation

If the assets of a Sub-Fund fall below the amount that the Board of Directors considers to be a minimum amount for the economically efficient management of the Sub-Fund, or if the Sub-Fund does not reach this minimum amount or if a substantial change in the political, economic or monetary situation arises, the Board of Directors may force redemption of all Shares of the Sub-Fund affected at the Net Asset Value per Share on the Valuation Day on which this decision by the

Board of Directors enters into force (while taking into account the actual prices achieved and the necessary costs of disposal of the assets). In accordance with the Law, the Company must inform the investors in writing of the reasons and the redemption procedure one month before the mandatory redemption enters into force. If the Sub-Fund is liquidated, such notice will be published in the RESA and, if required, in at least two daily newspapers to be specified at that time one of which at least must be a Luxembourg newspaper. If no other decision is made in the interest of or for purposes of equal treatment of the Shareholders, the Shareholders in the Sub-Fund affected may request the redemption or conversion of their Shares at no charge before the date of the mandatory redemption (while taking into account the actual prices achieved and the necessary costs of disposal of the assets).

In accordance with the Law the issue of Shares will be suspended as soon as the decision is taken to liquidate the Sub-Fund.

Notwithstanding the powers conferred upon the Board of Directors in the above paragraph, the general meeting of Shareholders of one or all Share Classes issued in a Sub-Fund may decide, acting on a proposal of the Board of Directors, to redeem all Shares of the corresponding Share Class(es) and pay out to the Shareholders the Net Asset Value of the Shares on the Valuation Day on which such decision enters into force (while taking into account the actual prices achieved and the necessary costs of disposal of the assets). At this general meeting, there is no minimum number of Shareholders required to form a quorum. The decision is reached with a simple majority of the Shares present or represented at such meeting.

Unclaimed proceeds that have not been paid out to the corresponding authorised persons after the redemption is carried out are deposited with the Depository for the duration of the liquidation period. After this time, the unclaimed proceeds are transferred to the Caisse de Consignation on behalf of the authorised persons and, if unclaimed for a prescribed period, will be forfeited.

All redeemed Shares are cancelled.

#### **Merger**

Under the same circumstances as specified under liquidation, the Board of Directors may decide to merge the assets of a Sub-Fund or Share Class (hereinafter referred to as "Merging Sub-Fund") (1) with another Sub-Fund of the Company, (2) with another UCITS established in Luxembourg, or (3) with another sub-fund or share class of such UCITS (hereinafter referred to as "Receiving Fund") and to rename the Shares of the Merging Sub-Fund as shares of the other Receiving Fund (if required after a split or a merger and payment to investors for any differences for fractional shares). The shareholders of the Merging Sub-Fund and Receiving Fund will be informed about the decision to merge in accordance with the Law and applicable Luxembourg regulations at least thirty days before the last date for requesting redemption or, as the case may be, conversion of Shares free of charge. If no other decision is made in the interest of or for purposes of equal treatment of the Shareholders, the right of Shareholders of the Merging Sub-Fund and Receiving Fund to redeem or convert their Shares without charge shall cease to exist five working days before the date for calculating the exchange ratio.

Notwithstanding the powers of the Board of Directors described above a general meeting of Shareholders of the Share Class(es) issued in a Sub-Fund may decide to merge the assets and liabilities of the Share Class into another Sub-Fund of the Company or into another Share Class of the same Sub-Fund. At such general meeting, there is no minimum number of Shareholders required to form a quorum and resolutions can be passed by simple majority of the Shares present or represented at such meeting.

Beside this and notwithstanding the powers of the Board of Directors described above, a general meeting of shareholders of a Sub-Fund or Share Class, may decide to merge the assets and liabilities of the Share Class or Sub-Fund (1) with another UCITS in corporate form established in Luxembourg, or (2) with another sub-fund or share class of such UCITS (hereinafter referred to as "Receiving Fund"). At such general meeting, a quorum of at least 50 % of the Shares issued in respect of the Sub-Fund or the affected Share Class(es) is required, and resolutions may be passed by at least a two-thirds majority of the Shares present or represented at such meeting.

Furthermore and notwithstanding the powers of the Board of Directors described above, a general meeting of shareholders of a Sub-Fund or Share Class may decide to merge the assets and liabilities of the Share Class or Sub-Fund (1) with another UCITS of the contractual type (e.g. fonds commun de placement) established in Luxembourg, (2) with another UCITS established in another member state, whereby member state shall be defined in accordance with Article 1 Paragraph 13 of the Law, or (3) with another sub-fund or share class of such UCITS (hereinafter referred to as "Receiving Fund"). At such general meeting, all Shareholders in the respective Sub-Fund or affected Share Class(es) are required to be present or represented to form a quorum. The decision may be passed by at least 75% of the Shares present or represented at such meeting.



Such decision of the general meeting of Shareholders is binding to all Shareholders who do not make use of their right to redeem or convert their shares within the period of thirty days mentioned above.

## 6. Data

Any and all information concerning the investor as an individual or any other data subject (the "Personal Data"), contained in the application form or further collected in the course of the business relationship with the Company will be processed by the Company acting as data controller (the "Controller") in accordance with the provisions of the EU Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "General Data Protection Regulation") and any applicable data protection law or regulation (collectively the "Data Protection Law").

Investors acknowledge that their Personal Data provided or collected in connection with an investment in the Company may also be processed by the Management Company, Investment Manager, the Depositary, the UCI Administration Agent, the Distributor, the Paying Agents, the Registrar Agent, the Paying and Information Agent, the Auditor, legal and financial advisers and other service providers of the Company (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors (the "Processors") and assigns in accordance with their roles as Controller or as Processor (as applicable). Some of the foregoing entities may be established outside the European Economic Area (the "EEA") in countries which may not ensure an adequate level of protection of personal data in their local legislation. If such transfer occurs, the Controller is required to ensure that such processing of investors' personal data is in compliance with Data Protection Legislation and, in particular, that appropriate measures are in place such as entering into model contractual clauses (as published by the European Commission).

Insofar as Personal Data provided by the investor concern individuals other than itself, the investor represents that it has authority to provide such Personal Data to the Controller. If the investor is not a natural person, it must undertake to (i) inform any other data subject about the processing of its Personal Data and their related rights and (ii) where necessary and appropriate, obtain in advance any consent that may be required for the processing of such Personal Data.

Such Personal Data will be processed to manage and administer an investor's holding in the Company and performing the related services. Personal Data will also be processed for the purposes of fraud prevention such as anti-money laundering and counter-terrorist financing identification and reporting, tax identification and reporting (including but not limited to compliance with the CRS Law, FATCA) or similar laws and regulations (e.g. on OECD level).

Given the nature of registered Shares, the Company reserves the right to refuse to issue Shares to investors who do not provide the appropriate information on personal data (including records of their transactions) to the Registrar Agent.

Personal Data will not be held for longer than necessary with regard to the purposes for which it is processed, subject to applicable legal minimum retention periods.

More details regarding the purposes of such processing, the different roles of the recipients of the Investor's personal data, the affected categories of personal data and the Investors' rights with regard to such personal data as well as any other information required by Data Protection Law can be found in the privacy notice accessible under the following link: <https://regulatory.allianzgi.com/gdpr>.

## 7. Benchmark Regulation

The indices and benchmarks used for the computing of performance-related fees within the meaning of the Regulation (EU) 2016/1011 (the "Benchmark Regulation") are listed in the information sheets of the respective Sub-Funds. In case, indices and benchmarks are used for defining the asset allocation within the meaning of the Benchmark Regulation these are listed in the information sheets of the respective Sub-Funds as well. The Management Company maintains written plans setting out the actions that will be taken in the event that a benchmark materially changes or ceases to be provided. Such written plans may be obtained, free of charge upon request, at the registered office of the Company or from the Management Company.

# Management of the Company

## 1. Board of Directors of the Company

### Chairman

- Carina Feider  
Director – Head of Fund Setup  
Allianz Global Investors GmbH, Luxembourg Branch  
Senningerberg

### Additional Directors

- Claudia Celani  
Director – Head of Product Development Europe  
Allianz Global Investors GmbH  
Frankfurt/Main
- Heiko Tilmont  
Director – Head of Distribution Operations Europe  
Allianz Global Investors GmbH, Luxembourg Branch,  
Senningerberg

The Board of Directors is responsible for monitoring the daily business activities of the Company.

## 2. Management Company

The Company has appointed Allianz Global Investors GmbH to act as its management company (the “Management Company”), with responsibility for the day-to-day operations of the Company and investment management of the assets of the Company.

### Supervisory Board:

#### Chairman

- Tobias C. Pross  
CEO Allianz Global Investors Holdings GmbH  
Munich

#### Additional Directors

- Giacomo Campora  
CEO Allianz Bank  
Financial Advisers S.p.A.  
Milan
- Klaus-Dieter Herberg  
Allianz Networks Germany  
Allianz Global Investors GmbH,  
München
- Prof. Dr. Michael Hüther  
Director and Member of the Board  
Institut der deutschen Wirtschaft  
Cologne

- Dr. Kay Müller  
Chair of the Management Board and COO  
Allianz Asset Management GmbH  
Munich
- Laure Poussin  
Head of Enterprise Project Management Office  
Allianz Global Investors France Branch  
Paris

**Members of the Board of Management:**

Alexandra Auer (chairperson)  
Ingo Mainert  
Dr. Thomas Schindler  
Dr. Robert Schmidt  
Petra Trautschold  
Birte Trenkner

### 3. Management Company and UCI Administration / UCI Administration Agent

The Company has appointed Allianz Global Investors GmbH to act as its management company (the “Management Company”), with responsibility for the day-to-day operations of the Company and investment management of the assets of the Company. Therefore, the Management Company is responsible, subject to the supervision of the Directors, for the provision of investment management services, administrative duties and services required by Luxembourg law, in particular for the registration of the Company, for the preparation of documentation, for drawing-up distribution notifications, for processing and dispatching the Prospectus and Key Information Documents, for preparing financial statements and other investor relations documents, for liaising with the administrative authorities, and marketing services to the Company.

The Management Company is an investment management company within the meaning of the German Investment Code and was incorporated as a limited liability company (Gesellschaft mit beschränkter Haftung) under the laws of the Federal Republic of Germany in 1955. Its registered office is located at Bockenheimer Landstrasse 42-44, 60323 Frankfurt/Main, Germany (Headquarter). The Management Company is consistently organized by function and has a branch, inter alia, in Luxembourg. Its Luxembourg Branch is located at 6A, route de Trèves, L-2633 Senningerberg. As of 31 December 2023 its subscribed and paid in capital amounted to EUR 49,900,900.00. Within the Luxembourg Branch in particular employees of the following functions are currently active: Risk Management, Product Administration as well as Provider Management (operational and process-related support of fund products).

The rights and duties of the Management Company are governed by an agreement which may be terminated by the Company or the Management Company on three months’ notice.

The Company has appointed the Management Company acting through its Luxembourg Branch as its UCI Administration Agent.

The UCI Administration activity may be split into three functions:

- **the registrar function,**  
which encompasses all tasks necessary to the maintenance of the Company’s (including all Sub-Funds) shareholder register. The reception and execution of orders relating to shares subscriptions and redemptions, and the distribution of income (including the liquidation proceeds) are part of the registrar function.
- **the NAV calculation and accounting function,**  
which covers the legal and sub-fund management accounting services and, the valuation and pricing (including tax returns).
- **the client communication function,**  
is comprised of the production and delivery of the confidential documents intended for investors.

In its capacity as UCI Administration Agent, the Management Company therefore is responsible for the (i) registrar function, the (ii) NAV calculation and accounting function, and the (iii) client communication function.

The rights and duties of the UCI Administration Agent are governed by an agreement which may be terminated by the Company or the UCI Administration Agent on three months' notice.

The Management Company, in its capacity as Management Company and UCI Administration Agent, is entitled to receive a fee out of the assets of each Sub-Fund (see (1) under "Fees and Costs Borne by the Company, the Sub-Funds and the Share Classes (Charges and Expenses)", (2) in the representations in Appendix 4 and (3) in the information sheets of the respective Sub-Funds) which is to be paid monthly in arrears. In addition, the Management Company is entitled to reimbursement of reasonable expenses from the Company.

The Management Company may delegate, under its responsibility, supervision and coordination, its management and administrative duties to specialist service providers subject to the restrictions imposed by any applicable law, rule or regulation.

The Management Company in its function as the Company's UCI Administration Agent has outsourced the (i) registrar function, and the (ii) NAV calculation and accounting function to State Street Bank International GmbH, Luxembourg Branch who, in turn, may make use of the services of third parties (for more on this, see under "Depositary", "Outsourcing" and under "Fees and Costs Borne by the Company, the Sub-Funds and the Share Classes (Charges and Expenses)").

The Management Company may delegate certain services in connection with currency and duration monitoring as well as trading to third parties.

#### 4. Supervisory Authority

The Company is subject to the supervision of the CSSF, 283, route d'Arlon, L-1150 Luxembourg.

The Management Company is subject to the supervision of Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Str. 24-28, 60439 Frankfurt/Main, Germany.

#### 5. Depositary

The Company has appointed State Street Bank International GmbH, acting through its Luxembourg Branch as its Depositary within the meaning of the Law pursuant to the depositary agreement.

State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank.

State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depositary and is specialized in depositary, fund administration, and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B148186.

State Street Bank International GmbH is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company.

##### Depositary's functions

The relationship between the Company and the Depositary is subject to the terms of the depositary agreement. Under the terms of the depositary agreement, the Depositary is entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles of Incorporation.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Articles of Incorporation.

- carrying out the instructions of the Management Company unless they conflict with applicable law and the Articles of Incorporation.
- ensuring that in transactions involving the assets of the Company any consideration is remitted within the usual time limits.
- ensuring that the income of the Company is applied in accordance with applicable law and the Articles of Incorporation.
- monitoring of the Company's cash and cash flows
- safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

#### **Depository's liability**

In carrying out its duties the Depository shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation, the Depository shall return financial instruments of identical type or the corresponding amount to the Company on behalf of the relevant Sub-Fund without undue delay.

The Depository shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depository directly or indirectly through the Company provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depository will be liable to the Company for all other losses suffered by the Company as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depository shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depository of its duties and obligations.

#### **Delegation**

The Depository has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depository's liability shall not be affected by any delegation of its safe-keeping functions under the depository agreement.

The Depository has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at One Congress Street, Suite 1, Boston, Massachusetts 02114-2016, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network. A list of delegates and sub-delegates is published on the Internet at <https://www.statestreet.com/disclosures-and-disclaimers/lu/subcustodians>.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Management Company.

#### **Conflicts of Interest**

The Depository is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depository or its affiliates engage in activities under the depository agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, investment management, financial advice and/or other advisory services to the Company;

- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- (iv) may provide the same or similar services to other clients including competitors of the Company;
- (v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the relevant Sub-Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Investment Manager, Investment Advisor or Management Company may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

- (i) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
- (ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;
- (iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
- (iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholder.

The depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored.

Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level

of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

In addition to acting as Depositary, State Street Bank International GmbH, Luxembourg Branch, as an outsourcing company to the Management Company, also assumes substantial functions of UCI Administration and other duties, particularly fund accounting and NAV calculation as well as the function of Registrar Agent. For fulfilling these additional duties the Depositary is entitled to make use of the services of third parties.

## 6. Outsourcing

The Management Company in its function as the Company's UCI Administration Agent has outsourced the (i) registrar function, and the (ii) NAV calculation and accounting function to State Street Bank International GmbH, Luxembourg Branch, who will take on the formal role as UCI Administration Agent for these functions.

State Street Bank International GmbH, Luxembourg Branch is referred to - as far as the registrar function is regarded - as the "Registrar Agent".

In this function State Street Bank International GmbH, Luxembourg Branch is responsible for issuing and redeeming Shares, keeping the register of Shareholders and auxiliary services associated therewith.

State Street Bank International GmbH, Luxembourg Branch may make use of the services of third parties.

At its own expense, the Management Company has delegated the preparation of risk figures, performance figures and Sub-Fund structural data to IDS GmbH – Analysis and Reporting Services, Munich, Federal Republic of Germany, who may in turn be assisted by third parties.

## 7. Distributors

The Company may enter into agreements with Distributors to market and place Shares of each of the Sub-Funds in different countries worldwide, with the exception of countries where such activity is prohibited and the US (subject to some limited exceptions).

The Company and the relevant Distributors will comply with applicable international and Luxembourg laws and regulations regarding the prevention of money laundering and terrorist financing including but not limited to the Luxembourg Law of 5 April 1993 relating to the financial sector (as amended), the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as may be amended from time to time, CSSF Regulation No 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing and relevant CSSF Circulars in the field of the prevention of money laundering and terrorist financing.

As a result of such provisions, the Company has adopted measures to prevent the use of Sub-Funds for money laundering and terrorist financing purposes on a risk-based approach. Such measures include, among others, procedures to identify and verify the identity of investors (and where relevant any beneficial owners), which will require investors, pursuant to initial and ongoing client due diligence requirements, to provide identification documents as determined from time to time. Under the relevant applicable Laws and Regulations, the Company also prepares a business-wide money laundering and terrorist financing risk assessment on an annual basis. At the time the Prospectus was prepared, the Distributors appointed by the Company are listed in the "Directory" at the end of the Prospectus. The Company may appoint additional Distributors at its own discretion.

## 8. Investment Managers and Investment Advisors

At its own expense, the Management Company may, while still retaining responsibility, control and coordination, delegate fund management to third parties ("Investment Manager") for the purpose of efficient management or to consult with third parties ("Investment Advisors").

The role of the Investment Managers is to pursue the investment policy of the Sub-Funds in accordance with the Sub-Funds' respective investment objectives, to manage the day-to-day business of the portfolio (under the supervision, control and responsibility of the Management Company) and to provide other related services. Investment managers are at all times subject to the investment objectives and policy set out in the Prospectus for each Sub-Fund, the investment restrictions, the Articles of Incorporation and any other applicable legal restrictions.

An Investment Manager has full investment discretion over the assets of a Sub-Fund. An Investment Manager may use and select brokers of its own choosing to settle transactions and may, at its own expense and responsibility, consult or delegate duties to third parties. If investment discretion is delegated to a third party, the details of these entities will be disclosed in Part 3: Sub-Funds. An Investment Manager bears all expenses it incurs in connection with the services it provides for a Sub-Fund. However, brokerage commissions, transaction fees and other transaction costs incurred in connection with the acquisition and disposal of the assets of a Sub-Fund are borne by that Sub-Fund in accordance with the rules set out under "Fees and Costs Borne by the Company, the Sub-Funds and the Share Classes (Charges and Expenses)".

The role of an investment advisor is to provide advice, draw-up reports and make recommendations to the Management Company as to the management of the Sub-Fund and advice the Management Company in the selection of assets for a portfolio. The investment advisor will, at all times, observe the investment objectives and policy set out in the Prospectus for a Sub-Fund, the investment restrictions, the Articles of Incorporation and any other applicable legal provisions.

If the Management Company does not delegate investment management but performs this duty internally it will be disclosed in Part 4: Sub-Funds whether investment management is performed by the Management Company's headquarter or by a branch.

## 9. Paying and Information Agents

The Company may appoint a Paying and Information Agent in each country in which Shares of the Company are publicly available and in which a local Paying and Information Agent must be appointed in accordance with local law. At the time this Prospectus was prepared, the Paying and Information Agents appointed by the Company are listed in the "Directory" at the end of the Prospectus. The Company may appoint additional Paying and Information Agents at its own discretion. These are named in the annual and semi-annual reports.



# The Shares

## 1. Subscriptions

Shares are available for subscription through the respective account keeping entities, the Registrar Agent, the Distributors and the Paying Agents of the Company.

Shares are available in multiple Share Classes, which may differ as to their charges, fee structure, use of income, minimum investment amount, Reference Currency, currency hedging strategy, subscription and redemption procedures or other characteristics. Further details on this can be found in Appendices 3 and 4.

Shares are issued on every Dealing Day at the Subscription Price of the respective Share Class, including any corresponding Sales Charge as set forth in Appendix 4. The Management Company may reduce the Sales Charge at its own discretion. The Sales Charge accrues to the Distributors and is levied as a percentage of the Net Asset Value per Share of a Share Class.

Applications for subscription received at (1) the respective account keeping entities, (2) the Distributors, (3) the Paying Agents or (4) the Registrar Agent, by 11.00 a.m. CET or CEST on a Dealing Day are settled at the Subscription Price determined (but not yet published) on such Dealing Day. Applications for Shares received after this time are charged at an unknown Subscription Price on the next Dealing Day. Different deadlines for receipt of applications may be applicable for individual Sub-Funds, details of which are included in the information sheet of the respective Sub-Fund. Settlement dates may be no later than the second Valuation Day following receipt of applications at (1) the respective account keeping entities, (2) the Distributors, (3) the Paying Agents or (4) the Registrar Agent, and the order must always be settled at an unknown Subscription Price at the time the order is issued.

If a Shareholder subscribes for Shares through a particular Distributor, the Distributor may open an account in its own name and have the Shares registered exclusively in its own name or in the name of a nominee. All subsequent applications for subscription or redemption or conversion and other instructions must then be made through the relevant Distributor.

The Company stipulates that the acquisition of Shares of particular Share Classes whose acquisition is subject to certain conditions (e.g. status as institutional investor, etc.) requires that the end investor, or whoever is acquiring the Shares for the account of, or in the name of and for the account of the end investor, shall sign a declaration in advance to the effect that these requirements have been met by the end investor. The wording of the relevant declaration may be obtained from [distributionoperations@allianzgi.com](mailto:distributionoperations@allianzgi.com) and from the appropriate Distributors and Paying Agents. This declaration must be sent to the address indicated in the wording before any Shares are acquired and must also have been received at that address before Shares are acquired.

The Subscription Price of the Shares must be received by the Company in cleared funds within two Business Days for all Share Classes. The Company is permitted to change the deadlines for receipt of subscription monies (including but not limited to subscriptions routed via certain intermediaries). However, all payments must be received no later than ten Business Days after the calculation of the Subscription Price in the currency of subscription of the respective Share Class. All bank charges must be borne by the Shareholders. Any other method of payment requires the prior approval of the Company.

If subscription amounts are not directly received or if the Company does not have the full right of disposal of them, the settlement of the subscription will be delayed until such time as the subscription amounts are freely available to the Company unless some other agreement is entered into with the Company or its duly authorised representative.

The purchase price is normally paid in the currency of the share class in question. Upon request of the shareholder, the purchase price may be paid in any other freely convertible currency. All conversion fees due are borne by the shareholder.

The subscription process may vary depending on which account keeping entity, Distributor or Paying Agent the Shareholder is using to subscribe for Shares. For this reason, there may be a delay in receipt of the subscription application by the Company. Investors should consult their Distributor before making an application. When acquiring Shares through Distributors and Paying Agents in Italy, investors may be charged a transaction fee of up to EUR 75.00 per transaction in addition to a Sales Charge.

If the period of investment is short term, charges may reduce or even eliminate any returns on an investment in Shares of a Sub-Fund; a longer investment outlook is recommended. If Shares are acquired other than through the Registrar Agent or the Paying Agents, additional costs may be incurred.

The Company may, upon application from a subscriber, issue Shares in return for a contribution in kind of securities or other assets, provided that such securities or other assets comply with the investment objectives and investment principles of a Sub-Fund. The Auditor of the Company generates a valuation report. The costs of such contribution in kind are borne by the subscriber in question.

The Company reserves the right to reject, wholly or in part, any subscription application (e.g. if it is suspected that the subscription application is based on market timing). In this case, any subscription amounts already paid or any remaining balance is normally refunded within five Business Days after such a rejection, provided that the investment amounts had already been received. Shares may not be acquired for purposes of market timing or similar practices. The Company expressly reserves the right to take necessary measures to protect other investors from market timing or similar practices.

The Company also reserves the right to suspend without prior notice the issue of Shares in one or more or all Sub-Funds or in one or more or all Share Classes.

For any period during which the calculation of the Net Asset Value of a Sub-Fund is suspended in accordance with Article 12 of the Articles of Incorporation of the Company, no Shares will be issued in any class of that Sub-Fund. For more information on this, please see the section on "Temporary Suspension of Calculation of Net Asset Value and resulting suspension of dealing".

Applications for the issue of Shares, once received, may not be withdrawn, except when the calculation of the Net Asset Value is suspended. If the issue of Shares has been suspended, subscription applications are settled on the first Dealing Day after the termination of the suspension unless they have been revoked in an authorised manner.

## 2. Authority to Cancel an Application for Subscription in the Event of Failed Settlement

If settlement is not made within the allocated timeframe, a subscription application may lapse and be cancelled at the cost of the investors or their Distributors. Failure to make good settlement by the settlement date may result in the Company bringing an action against the defaulting investor or their Distributor, or, if the investor is already invested in the Company, the Company or Management Company may deduct from this holding any costs or losses incurred. In all cases, any confirmation of transaction and any money due to the investor will be held by the Management Company without payment of interest pending receipt of the monies due.

## 3. Redemptions

Shareholders may at any time request that the Company redeem all or part of the Shares they hold in a Sub-Fund on any Dealing Day. Shares will be redeemed at the Redemption Price of the respective Share Class, taking into account any corresponding redemption fee, which is listed in Appendix 4. The Management Company may reduce the redemption fee at its own discretion. Investors should note that the Redemption Price may be higher or lower than the price paid at the time of subscription.

The redemption fees accrue to the Distributors and are calculated as a percentage of the Net Asset Value per Share of a Share Class.

Shareholders who wish to redeem some or all of their Shares must complete and submit a written redemption application to the respective account keeping entities, the Registrar Agent, a Distributor or a Paying Agent.

Redemption applications submitted to the respective account keeping entities, the Distributors and Paying Agents are forwarded to the Registrar Agent in the name of the Shareholder.

Redemption applications received at (1) the respective account keeping entities, (2) the Distributors, (3) the Paying Agents or (4) the Registrar Agent, by 11.00 a.m. CET or CEST on a Dealing Day are settled at the Redemption Price determined on that Dealing Day, but not yet published at the time the redemption application was submitted. Redemption applications received after this time are settled at an unknown Redemption Price on the next Dealing Day. Different deadlines for receipt of a redemption application may be applicable for individual Sub-Funds, details of which are included in the

information sheet of the respective Sub-Fund. Settlement dates may be no later than the second Valuation Day following receipt of the application at (1) the respective account keeping entities, (2) the Distributors, (3) the Paying Agents or (4) the Registrar Agent, and the order must always be settled at an unknown Redemption Price at the time the order is issued.

The Redemption Price is to be paid out within two Business Days for all Share Classes. The Company is permitted to change the deadline for the settlement of redemption proceeds (including but not limited to redemption applications routed via certain intermediaries). However, all settlement will be made within ten Business Days after calculating the Redemption Price or after receipt of the redemption application by the Company.

The Registrar Agent is not obliged to make payment if there are legal provisions, such as exchange control regulations, or other circumstances beyond the Registrar Agent's control preventing the settlement of the redemption proceeds.

Settlement of redemption proceeds is made by electronic bank transfer to the account provided by the Shareholder. The Company does not usually charge a transfer fee for bank transfers. However, the Shareholder's bank may charge such a fee for accepting the payment. The redemption proceeds are normally paid out in the currency of the Share Class in question. Upon request of the Shareholder, the redemption proceeds may be paid out in any other freely convertible currency. All Conversion Fees due are borne by the Shareholder.

The redemption process may vary depending on which account keeping entity, Distributor or Paying Agent the Shareholder uses for settlement of his Shares. For this reason, there may be a delay in receipt of the redemption application by the Company. Investors should consult their Distributor before they request a redemption of their Shares. When redeeming Shares through Distributors and Paying Agents in Italy, Shareholders may be charged a transaction fee of up to EUR 75.00 per transaction in addition to a redemption fee.

If the period of investment is short term, charges may reduce or even eliminate any returns on an investment in Shares of a Sub-Fund; a longer investment outlook is therefore recommended. If Shares are redeemed other than through the Distributors, the Registrar Agent or the Paying Agents, additional costs may be incurred.

The Company may with the consent of the Shareholder, redeem Shares of a Sub-Fund in return for the transfer of securities or other assets from the assets of the Sub-Fund. The value of the assets to be transferred must be equivalent to the value of the Shares to be redeemed on the valuation day. The scope and nature of the securities or other assets to be transferred are determined on a reasonable basis without impairing the interests of other investors. Such valuation must be confirmed in a separate report by the Auditor. The costs of such transfers are borne by the Shareholder in question.

For any period during which the calculation of the Net Asset Value of a Sub-Fund is suspended in accordance with Article 12 of the Articles of Incorporation, no Shares of any Share Class will be redeemed. For more information on this, please see the section on "Temporary Suspension of Calculation of Net Asset Value and resulting suspension of dealing".

If redemption applications and conversion applications (with reference to their redemption portion) exceed 10 % of the Shares in issue of the Sub-Fund in question on a Dealing Day, the Company may decide to suspend some or all of the redemption applications and conversion applications for such period of time that the Company considers to be in the best interest of that Sub-Fund, such suspension not to exceed two Dealing Days. On the Dealing Day following this period, these redemption and conversion applications will be given priority and settled ahead of applications received after this period.

Applications for the redemption of Shares, once received, may not be withdrawn, except when the calculation of the Net Asset Value is suspended and in the case of suspension of the redemption as provided for in the previous paragraph during such suspensions.

#### 4. Compulsory Redemption of Shares

If the Company considers ownership of Shares by an investor to be contrary to the interests of the Company, if such ownership is in violation of Luxembourg law or other law, or if as a result of this share ownership, the Company would be subject to tax or other financial disadvantages that it would not otherwise incur (Article 10 of the Articles of Incorporation), the Company may instruct a Shareholder ("restricted person") to sell its Shares and to demonstrate to the Company that this sale was made within thirty days of notification if the Company determines that a restricted person is the sole economic owner or is the economic owner together with other persons. If the investor does not comply with the notification, the Company may compulsorily redeem, in accordance with the procedure described below, all Shares held by such a Shareholder, or may have this redemption carried out:

1. The Company will provide a second notification ("notification of purchase") to the Shareholder concerned, in accordance with the entry in the register of Shareholders; such notification will describe the Shares to be redeemed, the procedure under which the Redemption Price is calculated and the name of the holder. Such notification will be sent by registered post to the last known address of the investor or to the address listed in the Company's books. This notification obliges the investor in question to send any share certificate(s) in issue to the Company in accordance with the information in the notification of purchase. At close of business on the date designated in the notification of purchase, the Shareholder's ownership of the relevant Shares ends. For registered Shares, the name of the Shareholder is removed from the register of Shareholders; for bearer Shares, the certificate or certificates that represent the Shares are cancelled.
2. The price at which these Shares are acquired by the Company ("purchase price") corresponds to an amount determined on the basis of the share value of the corresponding Share Class on a Dealing Day, or at a certain point during a Dealing Day, as determined by the Board of Directors, less any redemption fees incurred (if applicable). The purchase price is, less any redemption fees incurred if applicable, the lesser of the share value calculated before the date of the notification of purchase and the share value calculated on the day immediately following submission of the share certificate(s).
3. The purchase price will be made available to the previous owner of these Shares in the currency determined by the Board of Directors for the payment of the Redemption Price of the corresponding Share Class and deposited by the Company at a bank in Luxembourg or elsewhere (as set out in the notification of purchase) after the final determination of the purchase price following receipt of the share certificate(s) as described in the notification of purchase along with any unmatured coupons. After the notification of purchase has been provided and in accordance with the procedure outlined above, the previous owner has no further claim to the Shares or any part thereof, and the previous owner no longer has any claim against the Company or the Company's assets related to these Shares, with the exception of the right to repayment of the purchase price without interest from the named bank after actual delivery of the share certificate(s). All redemption proceeds to which the investor is entitled in accordance with the provisions of this paragraph are forfeited if not claimed within a period of five years after the date indicated in the notification of purchase. The Board of Directors is authorised to take all necessary steps to return these amounts and to authorise the implementation of corresponding measures for the Company.
4. The exercise of the compulsory redemption powers by the Company may not be challenged or declared invalid on the grounds that the ownership of Shares was not sufficiently proven or that the actual ownership of Shares did not correspond to the finding of the Company as at the date of the notification of purchase provided that the Company exercised its powers in good faith.

## 5. Conversions

A Shareholder may (subject to payment of a Conversion Fee) request conversion of his Shares of a Sub-Fund in whole or in part into Shares of another Share Class of the same Sub-Fund or into Shares of another Sub-Fund subject to meeting any minimum investment amounts or any additional requirements connected with the issue of the new Shares.

An application for the conversion of Shares will be treated in the same way as an application for the redemption of Shares and a simultaneous application for the acquisition of Shares. All conditions, information and procedures relating to the acquisition and redemption of Shares (including settlement deadlines) apply equally to conversions, with the exception of the rules on Sales Charges and redemption fees. A separate Conversion Fee is charged for conversions. The Conversion Fee is listed in Appendix 4 and refers to a conversion into the mentioned Share Class of a Sub-Fund. It is calculated as a percentage of the Net Asset Value per Share of a Share Class. The Management Company has discretion to charge a lower Conversion Fee. Balances of less than EUR 10.00 or the equivalent in other currencies resulting from conversions will not be paid out to Shareholders.

As a rule, both the redemption and the acquisition components of a conversion are priced on a single Dealing Day. If there are different application acceptance deadlines and/or different deadlines for the payment of purchase and Redemption Prices for the Sub-Funds and/or Share Classes in question, it may not be possible to price the redemption and acquisition components on a single day.

In particular either

- the sales part may be calculated in accordance with the general rules of the Share redemption (which may be older than the general rules of the issue of Shares), while the purchase part would be calculated in accordance with the general (newer) rules of the issue of Shares or
- the sales part is not calculated until a later time in relation to the general rules of the Share redemption together with the purchase part in accordance with the newer (in relation to the sales part) rules of the issue of Shares or
- Redemption Prices are not paid until a later time in relation to the general rules of Share redemption in accordance with the rules for the payment of the purchase price affecting the purchase part.

The conversion process may vary depending on which account keeping entity, Distributor or Paying Agent the Shareholder is using to convert Shares. For this reason, there may be a delay in receipt of the conversion application by the Company. Investors should consult their Distributor before making an application for conversion. When converting Shares through Distributors and Paying Agents in Italy, Shareholders may be charged a transaction fee of up to EUR 75.00 per transaction in addition to a Conversion Fee.

If the period of investment is short term, charges may reduce or even eliminate any returns on an investment in Shares of a Sub-Fund; a longer investment outlook is therefore recommended. If Shares are converted other than through the Distributors, the Registrar Agent or the Paying Agents, additional costs may be incurred.

Conversions may only be effected where it is possible to both redeem the Shares in question and subscribe for the requested Shares (for more on this, see the sections "Subscriptions" and "Redemptions"); there will be no partial execution of the application unless there is no possibility of issuing the Shares to be acquired until after the Shares to be converted have been redeemed.

Applications for the conversion of Shares, once received, may not be withdrawn, except when the calculation of the Net Asset Value and redemption of Shares is suspended in accordance with the Articles of Incorporation. If the calculation of the Net Asset Value of the Shares to be acquired is suspended after the Shares to be converted have already been redeemed, only the acquisition component of the conversion application can be revoked during this suspension.

The number of Shares to be issued as a conversion will be calculated in accordance with the following formula:

$$N = \frac{A * B * C}{D}$$

N = the number of the new Shares to be issued (as a result of the conversion).

A = the number of Shares to be converted.

B = the Redemption Price of the Shares to be converted on the respective Dealing Day (taking into consideration any redemption fees due).

C = the currency conversion factor based on the applicable exchange rate (or, where the currencies concerned are the same, C = 1).

D = the Subscription Price of the Shares to be issued on the respective Dealing Day (taking into consideration any Sales Charges due).

Any Shareholder who undertakes a conversion of Shares may realise a taxable profit or loss, depending on the legal provisions of their country of citizenship, residence or domicile.

The conversion process may vary depending on which account keeping entity, Distributor or Paying Agent the Shareholder uses to convert his Shares.

If redemption applications and conversion applications (with reference to their redemption portion) exceed 10 % of the Shares in issue of the Sub-Fund in question on a Dealing Day, the Company may decide to suspend some or all of the redemption applications and conversion applications for such period of time that the Company considers to be in the best interest of that Sub-Fund, such suspension not to exceed two Dealing Days. On the Dealing Day following this period, these redemption and conversion applications will be given priority and settled ahead of applications received after this period.

## 6. Income Equalisation

The Company applies a so-called income equalisation procedure for the Share Classes of the Sub-Funds. This means that an equalisation account is maintained which records the portion of income and realised capital gains/losses accrued during the financial year and which is treated as being included as part of the Subscription Price/Redemption Price. The expenses incurred are accounted for in the calculation of the income equalisation procedure.

The income equalisation procedure is used to account for the movements between income and realised capital gains/losses on the one hand and assets on the other hand, that are caused by net inflows and outflows due to the sale and redemption of Shares. Otherwise, every net inflow of cash would reduce the share of income and realised capital gains/loss on the Net Asset Value of a Sub-Fund and each outflow would increase it.

## 7. Calculation of Net Asset Value per Share

The Net Asset Value per Share of a class of Shares is calculated in the Base Currency of the Sub-Fund and, if Shares are issued with other reference currencies in a Sub-Fund, such Net Asset Value will be published in the currency in which that class of Shares is denominated, unless there is a suspension of the calculation of the Net Asset Value. On each Valuation Day at one or more points in time, the Net Asset Value per Share is calculated by dividing the net assets of the Company attributable to that Share Class (that is, the proportional share of the assets attributable to such a Share Class less the proportional share of the liabilities attributable to a Share Class on this Valuation Day or this time during this Valuation Day) by the number of Shares in circulation of the relevant Share Class. Net asset value may be rounded up or down to the next applicable currency unit in accordance with the decision of the Board of Directors.

For money-market Sub-Funds, the Net Asset Value per Share may be determined plus/less accrued income and expenses expected to be due per Share up to and including the calendar day before the valuation date.

If, following the calculation of the Net Asset Value, there have been significant changes in the prices on markets in which a significant portion of the assets attributable to a Share Class are traded or listed, the Company may, in the interests of the Shareholders and the Company, disregard the first valuation and perform a second valuation.

Assets will be valued in accordance with the following principles:

- a) Cash, term deposits and similar assets are valued at their face value plus interest. If there are significant changes in market conditions, the valuation may be made at the realisation price if the Company can cancel the investment, the cash or similar assets at any time; the realisation price in this sense corresponds to the sales price or the value that must be paid upon cancellation to the Company.
- b) Investments that are listed or traded on an exchange are valued based on the latest available trade price on the stock exchange which constitutes the principal market for this investment.
- c) Investments traded on another Regulated Market are valued at the latest available trade price.
- d) Securities and money-market instruments whose latest available trade prices do not correspond to appropriate market prices, as well as securities and money-market instruments not officially listed or traded on an exchange or on another Regulated Market, and all other assets, are valued on the basis of their probable sales price, determined prudently and in good faith.
- e) The liquidation proceeds of futures, forward or options contracts not traded on exchanges or on other Regulated Markets are valued at their net liquidating value determined, pursuant to the policies established by the Board of Directors, on the basis of calculations consistently applied for all types of contracts. The liquidation proceeds of futures, forward or options contracts traded on exchanges or on other Regulated Markets will be based upon the latest available trade price of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Company. If futures, forward or options contracts cannot be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contracts will be such value as the Board of Directors deems fair and reasonable.
- f) Interest-rate swaps are valued at their market value by reference to the applicable interest rate curve.
- g) Index and financial instrument-related swaps are valued at their market value established by reference to the applicable index or financial instrument. The valuation of the index or financial instrument-related swap agreement is based upon the market value of such swap transaction established in good faith pursuant to procedures established by the Board of Directors.
- h) Target fund units in UCITS or UCIs are valued at the latest determined and obtainable redemption price.

A Sub-Fund may suffer reduction of the Net Asset Value per Share (the „dilution“) due to investors purchasing, selling and/or switching in and out of Shares of a Sub-Fund at a price that does not reflect the dealing costs associated with this Sub-Fund's portfolio trades undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to reduce this impact and to protect Shareholders' interests, a swing pricing mechanism (the „Swing Pricing Mechanism“) may be adopted by the Company as part of the general valuation policy.

If on any Valuation Day, the aggregate net investor(s) transactions in Shares of a Sub-Fund exceed a pre-determined threshold, as determined as (i) a percentage of that Sub-Fund's net assets or as (ii) an absolute amount in that Sub-Fund's base currency from time to time by the Company's Board of Directors based on objective criteria, the Net Asset Value per Share may be adjusted upwards or downwards to reflect the costs attributable to net inflows and net outflows respectively (the „Adjustment“). The net inflows and net outflows will be determined by the Company based on the latest available information at the time of calculation of the Net Asset Value.

Generally, the Swing Pricing Mechanism may be applied across all Sub-Funds. However, the Swing Pricing Mechanism may only be applied to certain Sub-Funds mentioned in Appendix 3. The extent of the Adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such Price Adjustment may vary from Sub-Fund to Sub-Fund and will not exceed 3% of the original Net Asset Value per Share.

Investors are advised that the volatility of the Sub-Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of the Swing Pricing Mechanism. Typically, such Adjustment will increase the Net Asset Value per Share when there are net inflows into the Sub-Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in a Sub-Fund will be calculated separately but any Adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class in a Sub-Fund identically.

As this Adjustment is related to the inflows and outflows of money from the Sub-Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently the Company will need to make such Adjustments. The Directors will retain the discretion in relation to the circumstances under which to make such an Adjustment.

The price adjustment is available on request from the Management Company at (i) its registered office and/or (ii) on the webpage <https://regulatory.allianzgi.com>.

The value of all assets and liabilities not expressed in the Base Currency of the respective Sub-Fund will be converted into such currency at the latest available exchange rates. If such rates are not available, the rate of exchange will be determined in good faith pursuant to procedures established by the Company.

By way of derogation from the above, a fair value pricing model will be used for several Sub-Funds. Where this is the case, a disclosure to this effect will be included in the information sheet of the corresponding Sub-Fund. A fair value pricing model means that the value of certain assets will be adjusted to more accurately reflect their fair value based upon certain criteria. Such adjustments may occur during monitoring periods as defined by the Board of Directors from time to time, if (1) a single country or several countries equity risk exposure (excluding equity exposure held via target funds) of a Sub-Fund reaches or exceeds a certain trigger level, as defined by the Board of Directors from time to time, on the first Valuation Day of the respective monitoring period and (2), at the respective Sub-Fund's deadline for receipt of applications, the main stock exchange of the respective countries are already closed during normal course of business.

If the aforementioned conditions are fulfilled the value of the portion of Sub-Fund's assets which form part of the respective single country equity risk exposure based on the closing prices of the relevant country's main stock exchange is compared to their estimated value at the moment when the Sub-Fund's Net Asset Value is calculated; the estimation is based on the movement of index orientated instruments since the close of business of the respective country's main stock exchange. If such comparison leads to a deviation in Sub-Fund's estimated portion of the Net Asset Value estimated as before mentioned by, at least, a certain trigger level, as defined by the Board of Directors from time to time, the portion of the Sub-Fund's Net Asset Value will be adjusted accordingly to the extent that the unadjusted value would not represent their actual value.

The Company, at its sole discretion, may permit some other method of valuation to be used if it considers such valuation to be a fairer valuation of an asset of the Company.

The Net Asset Value per Share of each Share Class as well as the subscription, redemption and conversion price per Share of each Share Class of the individual Sub-Funds is available from the registered office of the Company and from the Management Company, the Paying and Information Agents, and the Distributors during business hours.

The share prices of each Share Class are, if required, published for each Sub-Fund in one or more newspapers in the countries in which the Shares are distributed. They may also be obtained over the Internet, Reuters and other media as stated in the information sheets of the relevant Sub-Funds. Neither the Company, its Distributors, Paying and Information Agents nor the Management Company are liable for any errors or omissions in the published prices.

## 8. Temporary Suspension of the Calculation of Net Asset Value and Resulting Suspension of Dealing

The Company may temporarily suspend the calculation of the Net Asset Value per Share of each Sub-Fund or of an individual Share Class as well as the issue and redemption of Shares and the conversion of Shares in each individual Sub-Fund or of an individual Share Class:

- a) during any period (with the exception of regular bank holidays) in which any of the principal stock exchanges or other markets on which a substantial portion of the assets of a Sub-Fund are listed or dealt in is closed, or during any period in which trade on such an exchange or market is restricted or suspended, provided that such closure, restriction or suspension affects the valuation of the assets of the Sub-Fund in question listed on such exchange or market; or
- b) during any period in which, in the view of the Board of Directors, there is an emergency, the result of which is that the sale or valuation of assets of a certain Sub-Fund or of certain Share Classes of the Company cannot, for all practical purposes, be carried out; or
- c) at times when there is a breakdown in the means of communication or calculation normally used on an exchange or other market to determine the price or the value of investments of a Sub-Fund or of a Share Class or to determine the current price or value of investments of the respective Sub-Fund or of the respective Share Class; or
- d) if for other reasons the prices for assets of the Company attributable to the Sub-Fund in question or to a certain Share Class cannot be determined rapidly or precisely; or
- e) during a period in which it is not possible for the Company to repatriate the necessary funds for the redemption of Shares, or in which the transfer of funds from the sale or for the acquisition of investments or for payments resulting from redemptions of Shares cannot be carried out, in the view of the Board of Directors, at normal exchange rates; or
- f) from the time of the announcement of a call by investors for an extraordinary meeting of Shareholders for the purpose of liquidating the Company, a Sub-Fund or a Share Class, or for the purpose of carrying out a merger of the Company, a Sub-Fund or a Share Class, or for the purpose of informing investors of the decision by the Board of Directors to liquidate Sub-Funds or Share Classes or for the purpose of merging Sub-Funds or Share Classes; or
- g) during any period in which the valuation of the currency hedges of Sub-Funds or Share Classes whose respective investment objectives and policies make hedging of currencies at the Share Class or Sub-Fund level desirable cannot be adequately carried out or cannot be carried out at all; or

Appropriate notice of any such suspension as considered necessary will be published by the Company. The Company may notify Shareholders applying for subscription, redemption or conversions of Shares for which the calculation of Net Asset Value has been suspended. Any such suspension in a Share Class has no effect on the calculation of the Net Asset Value per Share or, the issue, redemption or conversion of Shares of other Share Classes.

## 9. Protection of shareholders in case of a NAV calculation error

The NAV of a Sub-Fund and/or a Sub-Fund's Share Class will be calculated when the rules laid down by law, the constitutional documents and/or the prospectus of the Sub-Fund are applied consistently and in good faith, based on current and reliable information available at the time of calculation. However, errors in the calculation of the NAV cannot be excluded. This section explains when such errors reach the "Materiality Threshold" (as defined below) and the way these material NAV calculation error will be compensated.

**Commented [FC(1)]:** Will be updated in the light of the English version Circular 24/856.



For the case that a material NAV calculation error has occurred and has been determined by the Management Company, the UCI Administration Agent, and the Depositary are informed accordingly about such material NAV calculation error without delay. A material NAV calculation error occurs in particular if the tolerance threshold (applicable for the concrete fund type) specified and referred to in the Circular CSSF 24/856 (the "Materiality Threshold") on the protection of investors at UCI level, repealing the CSSF Circular 02/77, has been exceeded.

It is noted that a compensation is only compulsory for dates on which the errors in calculating the NAV were material in the aforementioned sense. The Management Company has established plans and procedures which ensure to correct and to remedy without a material NAV calculation error for the concerned Sub-Fund / a Sub-Fund's Share Class. Such plans and procedures include the following steps:

- identifying and correcting a relevant NAV calculation error,
- determining the corrected NAV for the relevant calculation period,
- applying the corrected NAV to any subscriptions and redemptions during the relevant period,
- adapting the accounts and records of the Sub-Fund and/or a Sub-Fund concerned Share Class accordingly (including any redress payment obligations arising from the erroneous NAV calculation),
- notifying the error and the remedial plan to the concerned investors,
- proceeding to indemnify the Sub-Fund / the Sub-Fund's share class and its investors for losses or damages, where applicable, and
- implementing a remedial action plan to avoid similar errors occurring in the future.

Compensation will generally accrue to the benefit of concerned investors that were invested in the concerned Sub-Fund / Share Class at the time the material NAV error occurred (the "final beneficiaries"). It is noted that final beneficiaries (which might have used the services of financial intermediaries to subscribe for shares of a Sub-Fund / a Sub-Fund's share class) might not appear in the investors' register maintained by the UCI Administration Agent. Instead of the name of the final beneficiaries, the financial intermediary in its function as the party which has subscribed to the shares of the respective Sub-Fund / Sub-Fund's share class appears in the investors' register on behalf of the final beneficiaries.

The Management Company ensures that all relevant information concerning a material NAV calculation error and the respective remediation plan (including, but not limited to a potential compensation of concerned investors) will be shared with the UCI Administration Agent in order to ensure that the UCI Administration Agent may inform any financial intermediary known to it which subscribed / redeemed shares of a Sub-Fund / a Sub-Fund's Share Class on behalf of a final beneficiary about such indemnification event.

However, since final beneficiaries do not appear in the investors' register maintained by the UCI Administration Agent (and are therefore not known to the UCI Administration Agent or to the Management Company), explicit reference is made to the fact that the payment of compensation may depend on the involvement of the relevant intermediaries. As a result, the rights of final beneficiaries which have subscribed / redeemed shares of a Sub-Fund / a Sub-Fund's share class through a financial intermediary may be affected in the event of a compensation payment which has been initiated by the Management Company due to a NAV calculation error.

## 10. Determination of the Subscription, Redemption and Conversion Prices

Subscription, redemption, and conversion prices are determined on each Dealing Day.

The Subscription Price for Shares of a particular Share Class is equal to the Net Asset Value per Share of the respective Share Class plus a Sales Charge, if applicable. The Subscription Price may be rounded up or down to the nearest unit of the corresponding currency.

The Redemption Price for Shares of a particular Share Class is equal to the Net Asset Value per Share of the respective Share Class less a redemption fee, if applicable. The Redemption Price may be rounded up or down to the nearest unit of the corresponding currency.

An application for conversion of Shares will be treated in the same way as an application for the redemption of Shares and a simultaneous application for the acquisition of Shares. This conversion is calculated on the basis of the Net Asset Value per Share of the respective Share Class, whereby a Conversion Fee may be due, which when incurred corresponds to the Sales Charge of the Share Class to be acquired or the redemption fee of the Share Class to be converted. The prices underlying the conversion may be rounded up or down to the nearest unit of the corresponding currency.

Sales Charges, redemption fees and Conversion Fees are levied as a percentage of the Net Asset Value per Share of a Share Class. The percentage of any Sales Charge, redemption fee or Conversion Fee levied for a Share Class of a Sub-Fund can be found in Appendix 4.

## 11. Money Laundering and Terrorist Financing Prevention

Obligations have been imposed on all professionals of the financial sector to prevent the use of investment funds for money laundering and terrorist financing purposes, pursuant to the Luxembourg law of 5 April 1993 relating to the financial sector (as amended) and 12 November 2004 relating to money laundering (as amended), and to the Circulars of the CSSF (in particular Circular 12/02, CSSF Circular 13/556 and any CSSF regulation or circular amending, supplementing or replacing them).

Within this context a procedure for the identification of investors has been imposed. The application form of an investor must typically be accompanied, in the case of individuals, by a copy of the individual's passport or identity card (or other generally accepted identification documents, such as driving licence or residence permit) and, in the case of legal entities, by a copy of the articles of incorporation (or other generally accepted constitutive document), an extract from the commercial register and a list of authorised signatories.

In addition, where legal entities are not listed on a recognised stock exchange, identification of Shareholders owning more than 25 % of the Shares issued or of the voting rights, as well as the persons having a significant influence on the management of the relevant entity, may be required.

In the case of a trust, the application form must be accompanied by a copy of the trust instrument, a copy of articles of incorporation or other constitutive documents of the trustee(s) and a list of authorised signatories. In addition, the identification of the trustee, the settlor, the ultimate beneficiary and the protector may be required.

Any copy submitted must be certified to be a true copy by a competent authority (e.g. an ambassador, consulate, notary or police officer, or their equivalent in the jurisdiction concerned).

Such identification procedure must be complied with in the following circumstances:

- a) in the case of direct subscriptions to the Company; and
- b) in the case of subscriptions received by the Company from intermediaries resident in countries which do not impose an obligation to identify investors equivalent to that required under the laws of Luxembourg for the prevention of money laundering and terrorist financing. It is generally accepted that professionals of the financial sector resident in the majority of the countries which have ratified the findings of the Financial Action Task Force are deemed to be intermediaries having an identification obligation equivalent to that required under the laws of Luxembourg (as per the provisions of the Grand Ducal Regulation of 29 July 2008).

The Company reserves the right to ask for additional information and documentation as may be required to comply with any applicable laws and regulations. Such information provided to the Company is collected and processed for anti money laundering and terrorist financing compliance purposes.

## 12. Exchange Listing

The Board of Directors may authorise (but has not yet done so) the listing of Shares of any Sub-Fund on the Luxembourg Stock Exchange or on other exchanges or for trading on organised markets. However, the Company is aware that – without its approval – Shares in Sub-Funds were being traded on certain markets at the time of the printing of the Prospectus; a corresponding list can be found in Appendix 6. It cannot be ruled out that such trading will be suspended in the short term or that Shares in Sub-Funds will be introduced onto other markets (possibly even in the short term) or are already being traded there.

The market price of Shares traded on exchanges or on other markets is not determined exclusively by the value of the assets held by the Sub-Fund; the price is also determined by supply and demand. For this reason, the market price may deviate from the share price per Share determined for a Share Class.

# Fees and Costs Borne by the Company, the Sub-Funds and the Share Classes (Charges and Expenses)

## 1. Management and UCI Administration Agent Fees applicable to the Sub-Fund Allianz European Micro Cap

The Company pays all costs to be borne by the respective Sub-Fund from the assets of that Sub-Fund:

The Company pays a fee ("management and UCI administration agent fee") to the Management Company for the management and UCI administration of a Sub-Fund (with the exception of those duties that have been transferred to the Depositary and/or the Registrar Agent) from the assets of the respective Sub-Fund, unless this fee is charged directly to the Shareholder under the terms of a particular Share Class.

Fees for the Investment Managers used by the Management Company are paid by the Management Company from its management and UCI administration agent fee and, if applicable, from its performance related fee.

The management fee and the UCI administration agent fee is charged monthly in arrears on a pro rata basis on the average daily Net Asset Value of the respective Share Class of a Sub-Fund. The amount of the management fee and the UCI administration agent fee charged is listed in Appendix 4.

To the extent that the Sub-Fund invests in units of target funds, investors will have to bear not only directly the expenses and costs described in this prospectus, but also indirectly the pro rata expenses and costs charged to the target fund. The expenses and costs charged to the target fund are determined by their constituting documents (e.g. management regulations or articles of incorporation) and are therefore impossible to forecast in an abstract way. Typically, however, it is to be expected that the fees and expenses charged to the fund described in this prospectus are charged to target funds as well.

If a Sub-Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation according to the Law (including cross Sub-Fund investments between Sub-Funds) then neither the Company nor the associated company may charge fees for the subscription or redemption of units. A Sub-Fund's information sheet may directly or indirectly provide other rules relevant for the respective Sub-Fund.

If a Sub-Fund invests a substantial portion of its assets in other UCITS and/or other UCI as defined above, a management fee at the level of such UCITS or UCI (excluding any performance fee, if any) of no more than 2.50% per annum of their net asset value may be charged.

## 2. All-in-Fee applicable to the Sub-Fund Allianz Global Bond Fund

The Company pays all costs to be borne by the respective Sub-Fund from the assets of that Sub-Fund:

The Company pays a fee ("All-in-Fee") to the Management Company from the assets of the respective Sub-Fund, unless this fee is charged directly to the Shareholder under the terms of a particular Share Class.

Fees for the Investment Managers used by the Management Company are paid by the Management Company from its All-in-Fee and, if applicable, from its performance related fee.

Provided that it is not charged directly to the Shareholder under the terms of a particular Share Class, the All-in-Fee is charged monthly in arrears on a pro rata basis on the average daily Net Asset Value of the respective Share Class of a Sub-Fund. The amount of the All-in-Fee charged is listed in Appendix 4.

In return for the payment of the All-in-Fee the Management Company releases the Company from the following, conclusive enumerated commissions and expenditures:

- Management and UCI administration agent fees (except for arranging, preparing and executing of securities lending and/or repurchase/reverse repurchase transactions by the Management Company);
- distribution fees;
- the administration and custody fee of the Depositary;
- the fee of the Registrar Agent;
- costs of the preparation (including translation) and dissemination of the Prospectus, Key Information Documents, Articles of Incorporation as well as annual, semi-annual and, if any, interim reports and other reports and notifications to Shareholders;
- costs of publishing the Prospectus, Key Information Documents, Articles of Incorporation, annual, semi-annual and, if any, interim reports, other reports and notifications to Shareholders, tax information, as well as Subscription and Redemption Prices, and official announcements made to the Shareholders;
- costs of auditing the Company and its Sub-Funds by the auditor;
- costs of registering the Shares for public distribution and/or the maintenance of such registration;
- costs of preparing share certificates and, if any, coupons and coupon renewals;
- paying agent and information agent fees;
- costs of assessing the Sub-Funds by nationally and internationally recognised rating agencies;
- expenses in connection with the establishment of a Sub-Fund;
- costs related to the use of index names, in particular licence fees;
- costs and fees incurred by the Company and by third parties authorised by the Company relating to the acquisition, use and maintenance of in-house or third-party computer systems used by Investment Managers and Investment Advisors;
- costs related to obtaining and maintaining a status authorising the direct investment in assets in a country or to act directly as a contracting partner in markets in a country;
- costs and expenses by the Company, the Depositary and third parties authorised by the Company or the Depositary in connection with monitoring of investment limits and restrictions;
- costs for calculating the risk and performance figures and the calculation of performance-related fees for the Management Company by third parties appointed to do so;
- costs related to obtaining information about general Shareholders' meetings of companies or about other meetings of the owners of assets as well as costs related to direct participation or participation through authorised third parties in such meetings;
- postage, telephone, fax and telex fees.

The Management Company may levy a lower All-in-Fee than those mentioned in Appendix 4.

To the extent that the Sub-Fund invests in units of target funds, investors will have to bear not only directly the expenses and costs described in this prospectus, but also indirectly the pro rata expenses and costs charged to the target fund. The expenses and costs charged to the target fund are determined by their constituting documents (e.g. management regulations or articles of incorporation) and are therefore impossible to forecast in an abstract way. Typically, however, it is to be expected that the fees and expenses charged to the fund described in this prospectus are charged to target funds as well.

If a Sub-Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation according to the Law (including cross Sub-Fund investments between Sub-funds) then neither the Company nor the associated company may charge fees for the subscription or redemption of units. A Sub-Fund's information sheet may directly or indirectly provide other rules relevant for the respective Sub-Fund.

If a Sub-Fund invests a substantial portion of its assets in other UCITS and/or other UCI as defined above, a management fee at the level of such UCITS or UCI (excluding any performance fee, if any) of no more than 2.50% per annum of their net asset value may be charged.

### 3. Performance-Related Fees

In addition, the Management Company may charge a performance-related fee to selected Sub-Funds, provided that this fee is not charged directly to the Shareholder under the terms of a particular Share Class. The respective Sub-Fund information sheet sets out details of whether a performance-related fee is levied and names the method of calculation and benchmark index to be used when calculating the performance-related fee.

#### Method A

Any performance-related fee is equal to one quarter of the positive amount by which the total of the following items in respect of a Share Class exceeds the return on the benchmark index (over the relevant period):

- a) the return on investment on the Sub-Fund's Share Class and
- b) amounts of distributions if any made during the current financial year.

The Management Company may levy a lower fee at its own discretion. The prices used in calculating the investment results of a Sub-Fund are related as closely as possible in time to the prices underlying the calculation of the index. This may cause such valuation of a Sub-Fund to deviate from the valuation for purposes of determining the share price on the same day. Depending on the time used as a basis for calculating the index, there may be a delay in taking the performance-related fee into account in the share Net Asset Value of the Share Class in question. Taking into account any negative carry-forward, the performance-related fee will be calculated on each Valuation Day from the beginning of each financial year, taking into account the current value of the respective Share Class of the Sub-Fund in question and the entire amount will be carried forward on a continuous basis. The total amount carried forward will be set aside and, if it is positive, paid from the Sub-Fund through a charge to the Share Class in question at the end of the financial year. The total amount carried forward and set aside in accordance with the method described above is reduced on Valuation Days on which, according to the above calculation, the adjusted investment results of a Share Class of the Sub-Fund is exceeded by the relevant benchmark index. Negative amounts are carried forward and, if still in existence at the end of the financial year, carried forward into the Sub-Fund's next financial year.

In calculating the respective Sub-Fund's performance fee, negative amounts carried forward from the preceding five financial years will be taken into account.

If Shares are redeemed, the corresponding amount of any accrued positive performance-related fee is to be paid immediately to the Management Company. If the amount of the performance-related fee resulting from the above calculation is negative when Shares are redeemed, it will be reduced by an amount corresponding to the Shares redeemed.

#### Method B

Any performance-related fee is equal to one quarter of the positive amount by which the total of the following items in respect of a Share Class exceeds the return on the benchmark index (provided that the sum of the last Net Asset Value per Share of the respective Share Class prior to the calculation of the performance-related fee plus all distributions since the last definition/adjustment of the high watermark exceeds the current high watermark):

- a) the return on investment on the Sub-Fund's Share Class and
- b) amounts of any distributions made during the current financial year.

The high watermark is the Net Asset Value per Share of the relevant Share Class at the end of the last financial year for which a performance-related fee for the respective Share Class was actually paid. For these purposes, a performance-

related fee which was paid in a previous financial year because of a redemption of Shares as described below is ignored. The Management Company may levy a lower fee at its own discretion.

Depending on the time used as a basis for calculating the index, there may be a delay in taking the performance-related fee into account in the share value of the Share Class in question. Taking into account any negative carry-forward, the performance-related fee will be calculated on each Valuation Day from the beginning of each financial year, taking into account the current Net Asset Value of the respective Share Class of the Sub-Fund in question and the entire amount will be carried forward on a continuous basis. The total amount carried forward will be set aside and, if it is positive, paid from the Sub-Fund through a charge to the Share Class in question at the end of the financial year. The total amount carried forward and set aside in accordance with the method described above is reduced on Valuation Days on which, according to the above measure, the adjusted investment results of a Share Class of the Sub-Fund is exceeded by the relevant benchmark index. Furthermore, in case of any Net Asset Value per Share of the respective Share Class plus all distributions since the last definition/adjustment of the high watermark falling below the current high watermark and a current positive total amount carried forward and set aside such current positive amount is reduced to avoid the sum of the Net Asset Value per Share of the relevant Share Class plus all distributions since the last definition/adjustment of the high watermark falling below the high watermark. There is no such reduction to avoid the sum of the Net Asset Value per Share of the respective Share Class plus all distributions since the last definition/adjustment of the high watermark falling below the high watermark which leads to a negative amount carried forward and set aside.

Negative amounts are carried forward, and if still in existence at the end of the financial year, are carried forward into the next financial year. In calculating the respective Sub-Fund's performance-related fee, negative amounts carried forward on a perpetual basis will be taken into account.

If Shares are redeemed, the corresponding proportion of any accrued positive performance-related fee is to be paid immediately to the Management Company. If the amount of the performance-related fee resulting from the above calculation is negative when Shares are redeemed, it will be reduced by an amount corresponding to the Shares redeemed.

If a selected benchmark index lapses, the Company will replace it with another comparable index.

Investors are advised that a performance-related fee may also be paid if the share price performance is negative.

In addition, the calculation of performance-related fees is computed net of all costs.

### Performance Fee Illustrations

The below following examples are provided for illustrative purposes only and intended to enhance an investor's understanding of the mechanics of the Performance Fee and the memorandum account for negative accruals. Expenses chargeable to a Sub-Fund, including the All-in-Fee, are ignored for the purpose of these examples. In addition, the examples feature the share class return figures quoted net of all costs.

#### Method A

Example 1: Positive accrual included in a Sub-Fund's Net Asset Value calculation

Assuming an investment of EUR 50m, i.e. Net Asset Value of the Share Class of EUR 50m and assuming a Participation Rate of 20%.

Day 1	Between the first Valuation Point of the Performance Period and the immediately preceding Valuation Point, the Benchmark Return is equal to +0.1%. In that same period the Share Class Return is +0.3%. The differential return is +0.2% and therefore an initial Performance Fee accrual of EUR 20,000 (i.e. EUR 50m x 0.2% x 20%) is included as a liability in the Net Asset Value calculation. The Net Asset Value of the Performance Fee Share Class increases to EUR 50.13m (i.e. EUR 50m investment brought forward from previous Performance Period + EUR 150,000 Share Class Return – EUR 20,000 Performance Fee initial accrual).
Day 2	At the following Valuation Point, the Share Class Return is +0.1%. The Benchmark Return is zero. The differential return is +0.1%, resulting in an increase to the Performance Fee accrual of EUR 10,026 (i.e. EUR 50.13m x 0.1% x 20%). The total Performance Fee accrual on Day 2 therefore increases by EUR 10,026, from EUR 20,000 to EUR 30,026. The Net Asset Value of the Performance Fee Share Class is EUR 50.17m (i.e. EUR 50.13m as at previous Valuation Point + EUR 50,130 Share Class Return – EUR 10,026 increase to Performance Fee accrual).

Day 3	<p>On Day 3, the Share Class Return is +0.4%, whilst the Benchmark Return is equal to +0.5%. The differential return is -0.1%, resulting in a decrease to the Performance Fee accrual of EUR 10,034 (i.e. EUR 50.17m x 0.1% x 20%).</p> <p>The total Performance Fee accrual on Day 3, therefore, decreases by EUR 10,034, from EUR 30,026 to EUR 19,992.</p> <p>The Net Asset Value of the Performance Fee Share Class increases to EUR 50.38m (i.e. EUR 50.17m as at previous Valuation Point + EUR 200,680 Share Class Return + EUR 10,034 decrease in Performance Fee accrual).</p> <p>The Net Asset Value of the Performance Fee Share Class at the end of Day 3 therefore comprises:</p> <table border="1"> <tr> <td>Investment on Day 1</td> <td>EUR</td> <td>50,000,000</td> </tr> <tr> <td>Add: Aggregate of Share Class Returns (Day 1 to Day 3)</td> <td>EUR</td> <td>400,810</td> </tr> <tr> <td>Less: Performance Fee accrual as at Day 3</td> <td>EUR</td> <td>-19,992</td> </tr> <tr> <td></td> <td>EUR</td> <td>50,380,818</td> </tr> </table>	Investment on Day 1	EUR	50,000,000	Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	400,810	Less: Performance Fee accrual as at Day 3	EUR	-19,992		EUR	50,380,818
Investment on Day 1	EUR	50,000,000											
Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	400,810											
Less: Performance Fee accrual as at Day 3	EUR	-19,992											
	EUR	50,380,818											
End of Performance Period	Assuming that the movement in the Share Class Return moves in line with the Benchmark Return for the remainder of the financial year, a Performance Fee of EUR 19,992 will be payable to the Management Company for the financial year.												

#### Example 2: Use of memorandum account for negative accrual

Assuming an investment of EUR 50m, i.e. Net Asset Value of the Share Class of EUR 50m and assuming a Participation Rate of 20%.

Day 1	<p>As in Example 1 above, between the first Valuation Point of the Performance Period and the immediately preceding Valuation Point, the Benchmark Return is equal to +0.1%. In that same period the Share Class Return is +0.3%.</p> <p>The differential return is +0.2%. Therefore, an initial Performance Fee accrual of EUR 20,000 is included as a liability in the Net Asset Value calculation. The Net Asset Value of the Performance Fee Share Class increases to EUR 50.13m.</p>																								
Day 2	<p>On the following day, the Share Class Return is +0.1%, whilst the Benchmark Return is equal to +0.5%. The differential return is -0.4%, resulting in a decrease to the Performance Fee accrual of EUR 40,104 (i.e. EUR 50.13m x 0.4% x 20%).</p> <p>The Performance Fee accrual on Day 2, therefore, reduces from EUR 20,000 to nil. At the same time, a negative accrual of EUR -20,104 is recorded in a memorandum account.</p> <p>The Net Asset Value of the Performance Fee Share Class is EUR 50.20m (i.e. EUR 50.13m + EUR 50,130 Share Class Return + EUR 20,000 decrease in Performance Fee accrual).</p>																								
Day 3	<p>On Day 3, the Share Class Return is +0.2%, whilst the Benchmark Return is +0.1%.</p> <p>The differential return is +0.1%, resulting in an increase in the value of the memorandum accrual of EUR 10,040, (i.e. EUR 50.2m x 0.1% x 20%) from EUR -20,104 to EUR -10,064. No Performance Fee accrual is included in the Net Asset Value calculation as an amount of EUR -10,064 remains recorded on the memorandum account. The Net Asset Value of the Share Class increases to EUR 50.30m (i.e. EUR 50.20m + EUR 100,400 Share Class Return).</p> <p>The Net Asset Value of the Share Class at the end of Day 3 therefore comprises:</p> <table border="1"> <tr> <td>Investment on Day 1</td> <td>EUR</td> <td>50,000,000</td> </tr> <tr> <td>Add: Aggregate of Share Class Returns (Day 1 to Day 3)</td> <td>EUR</td> <td>300,530</td> </tr> <tr> <td>Less: Performance Fee accrual as at Day 3</td> <td>EUR</td> <td>nil</td> </tr> <tr> <td></td> <td>EUR</td> <td>50,300,530</td> </tr> </table> <p>and the memorandum account recording the negative accrual at the end of Day 3 comprises:</p> <table border="1"> <tr> <td>Day 1 movement</td> <td>EUR</td> <td>nil</td> </tr> <tr> <td>Add: Day 2 movement</td> <td>EUR</td> <td>-20,104</td> </tr> <tr> <td>Less: Day 3 movement</td> <td>EUR</td> <td>10,040</td> </tr> <tr> <td></td> <td>EUR</td> <td>-10,064</td> </tr> </table>	Investment on Day 1	EUR	50,000,000	Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	300,530	Less: Performance Fee accrual as at Day 3	EUR	nil		EUR	50,300,530	Day 1 movement	EUR	nil	Add: Day 2 movement	EUR	-20,104	Less: Day 3 movement	EUR	10,040		EUR	-10,064
Investment on Day 1	EUR	50,000,000																							
Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	300,530																							
Less: Performance Fee accrual as at Day 3	EUR	nil																							
	EUR	50,300,530																							
Day 1 movement	EUR	nil																							
Add: Day 2 movement	EUR	-20,104																							
Less: Day 3 movement	EUR	10,040																							
	EUR	-10,064																							
End of Performance Period	Assuming that the Share Class Return moves in line with the Benchmark Return for the remainder of the financial year, the negative memorandum accrual of EUR -10,064 will remain in place and will be carried forward to the next financial year. No Performance Fee will be payable to the Management Company for the current financial year.																								
<p>For the subsequent financial year, on Day 1, assume the Share Class Return is +0.7% while the Benchmark Return is +0.4%. The differential return is +0.3% and the Performance Fee accrual before considering the memorandum account is EUR 30,180 (i.e. EUR 50,300,530 * 0.3% * 20%). As the memorandum account shows the prior year's accrual of EUR -10,064, the effective Performance Fee accrual is EUR 20,116. Assuming that for the rest of that financial year, the share class return moves in line with the Benchmark Return, a performance fee of EUR 20,116 will be payable to the Management Company.</p>																									

#### Method B

##### Example 3: Positive accrual included in Net Asset Value calculation and setting of a new high watermark

Assuming an investment of EUR 50m, i.e. Net Asset Value of the Share Class of EUR 50m and assuming a Participation Rate of 20%. The number of shares issued is assumed to be constant at 50,000 and the current high watermark is 1,000.

Day 1	Between the first Valuation Point of the Performance Period and the immediately preceding Valuation Point, the Benchmark Return is equal to +0.1%. In that same period the Share Class Return is +0.3%. The differential return is +0.2% and, therefore, an initial Performance Fee accrual of EUR 20,000 (i.e. EUR 50m x 0.2% x 20%) is included as a liability in the Net Asset Value calculation. The Net Asset Value of the Performance Fee Share Class increases to EUR 50.13m (i.e. EUR 50m investment brought forward from previous Performance Period + EUR 150,000 Share Class Return – EUR 20,000 Performance Fee initial accrual).												
Day 2	At the following Valuation Point, the Share Class Return is +0.1%. The Benchmark Return is zero. The differential return is +0.1%, resulting in an increase to the Performance Fee accrual of EUR 10,026 (i.e. EUR 50.13m x 0.1% x 20%). The total Performance Fee accrual on Day 2, therefore, increases by EUR 10,026, from EUR 20,000 to EUR 30,026. The Net Asset Value of the Performance Fee Share Class is EUR 50.17m (i.e. EUR 50.13m as at previous Valuation Point + EUR 50,130 Share Class Return – EUR 10,026 increase to the Performance Fee accrual).												
Day 3	On Day 3, the Share Class Return is +0.4%, whilst the Benchmark Return is equal to +0.1%. The differential return is +0.3%, resulting in an increase to the Performance Fee accrual of EUR 30,102 (i.e. EUR 50.17m x 0.3% x 20%). The total Performance Fee accrual on Day 3, therefore, increases from EUR 30,026 to EUR 60,128. The Net Asset Value of the Performance Fee Share Class increases to EUR 50.34m (i.e. EUR 50.17m as at previous Valuation Point + EUR 200,680 Share Class Return – EUR 30,102 increase to Performance Fee accrual). The Net Asset Value of the Performance Fee Share Class at the end of Day 3 therefore comprises:												
	<table border="1"> <tr> <td>Investment on Day 1</td> <td>EUR</td> <td>50,000,000</td> </tr> <tr> <td>Add: Aggregate of Share Class Returns (Day 1 to Day 3)</td> <td>EUR</td> <td>400,810</td> </tr> <tr> <td>Less: Performance Fee accrual as at Day 3</td> <td>EUR</td> <td>-60,128</td> </tr> <tr> <td></td> <td>EUR</td> <td>50,340,682</td> </tr> </table>	Investment on Day 1	EUR	50,000,000	Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	400,810	Less: Performance Fee accrual as at Day 3	EUR	-60,128		EUR	50,340,682
Investment on Day 1	EUR	50,000,000											
Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	400,810											
Less: Performance Fee accrual as at Day 3	EUR	-60,128											
	EUR	50,340,682											
End of Performance Period	Assuming that the movement in the Share Class Return moves in line with the Benchmark Return for the remainder of the financial year, a Performance Fee of EUR 60,128 will be payable to the Management Company for the financial year and a new high watermark of EUR 1,006.81 (= 50,340,682 / 50,000) will be set for the next financial year.												

#### Example 4: Use of memorandum account for negative accrual / constant HWM

Assuming an investment of EUR 50m, i.e. Net Asset Value of the Share Class of EUR 50m and assuming a Participation Rate of 20%. The number of shares issued is assumed to be constant at 50,000 and the current high watermark is 1,000.

Day 1	As in Example 3 above, between the first Valuation Point of the Performance Period and the immediately preceding Valuation Point, the Benchmark Return is equal to +0.1%. In that same period the Share Class Return is +0.3%. The Differential Return is +0.2%. Therefore, an initial Performance Fee accrual of EUR 20,000 is included as a liability in the Net Asset Value calculation. The Net Asset Value of the Performance Fee Share Class increases to EUR 50.13m.												
Day 2	On the following day, the Share Class Return is -0.2%, whilst the Benchmark Return is equal to +0.1%. The differential return is -0.3%, resulting in a decrease to the Performance Fee accrual of EUR 30,078 (i.e. EUR 50.13m x 0.3% x 20%). The Performance Fee accrual on Day 2, therefore, reduces from EUR 20,000 to nil. At the same time, a negative accrual of EUR -10,078 is recorded in the memorandum account. The Net Asset Value of the Performance Fee Share Class is EUR 50.05m (i.e. EUR 50.13m – EUR 100,260 Share Class Return + EUR 20,000 decrease in Performance Fee accrual).												
Day 3	On Day 3, the Share Class Return is +0.1%, whilst the Benchmark Return is +0.05%. The differential return is +0.05%, resulting in an increase in the value of the memorandum accrual of EUR 5,005 (i.e. EUR 50.05m x 0.05% x 20%), from EUR -10,078 to EUR -5,073. No Performance Fee accrual is included in the Net Asset Value calculation as an amount of EUR -5,073 remains recorded on the memorandum account. The Net Asset Value of the Share Class increases to EUR 50.1m (i.e. EUR 50.05m + EUR 50,050 Share Class Return). The Net Asset Value of the Share Class at the end of Day 3 therefore comprises:												
	<table border="1"> <tr> <td>Investment on Day 1</td> <td>EUR</td> <td>50,000,000</td> </tr> <tr> <td>Add: Aggregate of Share Class Returns (Day 1 to Day 3)</td> <td>EUR</td> <td>99,790</td> </tr> <tr> <td>Less: Performance Fee accrual as at Day 3</td> <td>EUR</td> <td>nil</td> </tr> <tr> <td></td> <td>EUR</td> <td>50,099,790</td> </tr> </table>	Investment on Day 1	EUR	50,000,000	Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	99,790	Less: Performance Fee accrual as at Day 3	EUR	nil		EUR	50,099,790
Investment on Day 1	EUR	50,000,000											
Add: Aggregate of Share Class Returns (Day 1 to Day 3)	EUR	99,790											
Less: Performance Fee accrual as at Day 3	EUR	nil											
	EUR	50,099,790											
	and the memorandum account recording the negative accrual at the end of Day 3 comprises:												
	<table border="1"> <tr> <td>Day 1 movement</td> <td>EUR</td> <td>nil</td> </tr> <tr> <td>Add: Day 2 movement</td> <td>EUR</td> <td>-10,078.00</td> </tr> <tr> <td>Less: Day 3 movement</td> <td>EUR</td> <td>5,005</td> </tr> <tr> <td></td> <td>EUR</td> <td>-5,073</td> </tr> </table>	Day 1 movement	EUR	nil	Add: Day 2 movement	EUR	-10,078.00	Less: Day 3 movement	EUR	5,005		EUR	-5,073
Day 1 movement	EUR	nil											
Add: Day 2 movement	EUR	-10,078.00											
Less: Day 3 movement	EUR	5,005											
	EUR	-5,073											
End of Performance Period	Assuming that the Share Class Return moves in line with the Benchmark Return for the remainder of the financial year, the negative memorandum accrual of EUR -5,073 will remain in place and will be carried forward to the next financial year. No Performance Fee will be payable to the Management Company for the current financial year and no new high watermark will be set.												
	For the subsequent financial year, on Day 1, assume the Share Class Return is +0.1% while the Benchmark Return is zero. The												



differential return is +0.1% and the Performance Fee accrual before considering the memorandum account is EUR 10,020 (i.e. EUR 50,099,790 \* 0.1% \* 20%). As the memorandum account shows the prior year's accrual of EUR -5,073, the effective Performance Fee accrual is EUR 4,947. Assuming that for the rest of that financial year, the share class return as well as the Benchmark Return is zero every day, a performance fee of EUR 4,947 will be payable to the Management Company and the Net Asset Value of the Share Class at the end of that financial year is 50,144,943 (= 50,099,790 + 50,080 - 4,947). A new high watermark of EUR 1,002.90 (= 50,144,943 / 50,000) will be set for the next financial year.

Following on from the examples provided above, the table below illustrates the operation of the accrual for the financial year from the perspective of an investor investing EUR 50,000 into the Sub-Fund.

Performance Period	Amount invested	Return on investment	Return on equivalent investment in the Benchmark	Differential Return	Movement in Performance Fee Accrual	Total Performance Fee Accrued	Memorandum Account
<b>Example 1</b>							
Day 1	50,000	150	50	100	20	20	0
Day 2	50,130	50	0	50	10	30	0
Day 3	50,170	201	251	-50	-10	20	0
End of period	50,381						
<b>Example 2</b>							
Day 1	50,000	150	50	100	20	20	0
Day 2	50,130	50	251	-201	-40	0	-20
Day 3	50,200	100	50	50	10	0	-10
End of period	50,301						
<b>Example 3</b>							
Day 1	50,000	150	50	100	20	20	0
Day 2	50,130	50	0	50	10	30	0
Day 3	50,170	201	50	151	30	60	0
End of period	50,341						
A new high watermark will be set							
<b>Example 4</b>							
Day 1	50,000	150	50	100	20	20	0
Day 2	50,130	-100	50	-150	-30	0	-10
Day 3	50,050	50	25	25	5	0	-5
End of period	50,100						
A new high watermark will not be set							

#### 4. Depositary Fee applicable to the Sub-Fund Allianz European Micro Cap

For its administration and custody of the Sub-Fund's assets and for the duties of UCI administration and other duties transferred to it, the Depositary receives a fee in the amount of 0.60 % p. a. out of the assets of the respective Sub-Fund calculated on the basis of the net asset value determined on the last valuation day of each month. The Depositary may levy a lower fee at its own discretion.

#### 5. Securities Transaction Fee applicable to the Sub-Fund Allianz European Micro Cap

The Depositary receives a processing fee of 0.125 % of each securities transaction unless the usual banking charges are already payable in respect of such transaction. The Depositary may levy a lower fee at its own discretion.

#### 6. UCI Administration Agent Fee applicable to the Sub-Fund Allianz European Micro Cap

For the issuance and redemption of shares, keeping the register of shareholders and auxiliary services associated therewith, the Depositary which executes the (i) registrar function, and the (ii) NAV calculation and accounting function for and behalf of the UCI Administration Agent receives a fee out of the assets of the respective Sub-Fund in accordance with market standards. This fee is calculated, inter alia, on the basis of the number of shareholders and the number of transactions to be entered into the register. The Registrar Agent may levy a lower fee at its own discretion.

## 7. Additional Costs applicable to the Sub-Fund Allianz European Micro Cap

In addition, all other additional Sub-Fund costs to be borne are charged to the assets of the respective Sub-Fund; these are separate from the cost items named above and include, but are not restricted to:

- formation costs,
- fees and expenses of auditors, the correspondent banks of the Depository, the Paying and Information Agents, the permanent representatives at locations at which the Company is registered, as well as other representatives appointed by the Company, including securities lending brokers,
- fees and expenses for Directors, their insurance, reasonable travel costs and cash expenses for meetings of the Board of Directors,
- fees and expenses for legal advice and review, including the costs of providing tax information certificates for domestic and foreign tax purposes; costs for enforcement and implementation of the apparent justifiable legal rights of the Company, a Sub-Fund or a share class and for defence against claims made against the Company, a Sub-Fund or a share class that seem unjustified;
- fees and costs for the registration and maintenance of the registration of Sub-Funds with the supervisory authorities and exchanges in the Grand Duchy of Luxembourg and in other countries;
- disclosure and publication costs, including the cost of preparing (including translation), printing, editing, publishing and shipping costs for the Prospectus and the Key Information Documents, explanatory notes, periodic reports, registration notices as well as costs for other reports to the shareholders,
- costs of assessing the standing of the Sub-Funds by nationally and internationally-recognised rating agencies,
- costs for calculating the risk and performance figures and the calculation of a performance-related fee for the Management Company by third parties appointed to do so,
- costs related to obtaining and maintaining a status authorising the direct investment in assets in a country or to act directly as a contracting partner in markets in a country,
- costs related to the use of index names, in particular, licence fees,
- costs and fees incurred by the Company and by third parties designated by the Company related to the acquisition, use and maintenance of in-house or third-party computer systems used by the Investment Manager,
- costs and expenses of the Company, the Depository and third parties authorised by the Company and the Depository in connection with monitoring investment limits and restrictions,
- costs related to obtaining information about general shareholders' meetings of companies or about other meetings of the owners of assets and costs related to direct participation or participation through authorised third parties in such meetings,
- all taxes, fees, public and similar charges, as well as all other operating expenses, including buying and selling costs of assets (including any research and analyst services made available in relation thereto in accordance with market practice, interest/fees for deposits as well as fees resulting out of the provision and drawdown of credit facilities),
- costs for the use of securities lending programmes,
- interest, bank and broker fees (including but not limited to currency hedging costs on currency hedged share classes), postage, telephone, fax and telex fees.

The costs and expenses incurred in connection with the initial issue of Shares, including those incurred in the preparation and publication of the Prospectus and the Key Information Documents, all legal and printing costs, certain launch expenses and preliminary expenses are estimated not to exceed EUR 15,000 per Sub-Fund. After the formation of a Sub-Fund, they will be written off within the first financial year in such amounts as the Board of Directors considers appropriate for the respective year and the respective Sub-Fund.

## 8. Additional Costs applicable to the Sub-Fund Allianz Global Bond Fund

All other additional costs are charged to the assets of the relevant Sub-Fund. These costs are separate to those named under "All-in-Fee" and include, but are not limited to:

- costs for examination, asserting and enforcement of any claims for reduction, offsetting or refund of withholding taxes or other taxes or fiscal duties;
- costs for asserting and enforcing legal rights of the Company which appear to be justifiable and for defending any claims made against the Company which seem unjustified;
- all taxes, fees, public and similar charges which may be incurred in connection with administration and custody; or

- costs in connection with the purchase and sale of assets (including any research and analyst services made available in accordance with market practice, interest/fees for deposits as well as fees resulting out of the provision and drawdown of credit facilities) and the use of securities lending programmes and securities lending brokers as well as interest cost; or,
- compensation for the Management Company for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions without the use of securities lending programs and securities lending brokers of 30% of any income generated.

Costs for the use of securities lending programmes and securities lending brokers and remuneration for the Management Company for arranging, preparing and executing securities lending and repurchase/reverse repurchase transactions can only be applied alternatively but in no case cumulatively for a respective transaction.

The Management Company may, in its absolute discretion, levy a lower remuneration for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions than that mentioned above.

Certain Sub-Funds may incur additional costs as further described in Appendix 4.

## 9. Distribution Fees applicable to the Sub-Fund Allianz European Micro Cap

The Company may pay a distribution fee to the Management Company for payment to the Distributors for services they render and for expenses incurred in connection with the sale of Shares and/or in connection with services rendered to Shareholders and for managing Shareholder accounts. Any such distribution fee is paid monthly in arrears out of the assets of the Sub-Fund or Share Classes in question and is calculated pro rata on the basis of the average daily Net Asset Value of the Sub-Fund or of the Share Class concerned. Appendix 4 provides information as to whether and in what amount a distribution fee is payable.

## 10. Brokerage Commissions

Subject to best execution and the requirements stated below, brokerage commissions on portfolio transactions for the Company may be paid by the Management Company and/or the Investment Managers, as the case may be, as consideration for research related services provided to them as well as for services rendered in the execution of orders. The receipt of investment research and information and related services allows the Management Company and/or the Investment Managers, as the case may be, to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms. Such soft commissions do not include costs relating to travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are to be paid by the Management Company and/or the Investment Managers, as the case may be.

The Company may pay, or be responsible for the payment of, such soft commissions only insofar as:

- a) the Management Company and/or the Investment Managers, as the case may be, act at all times in the best interest of the Company and the Shareholders when entering into soft commission arrangements;
- b) the goods and/or services provided by the broker-dealers relate directly to the activities of the Management Company and/or the Investment Managers, as the case may be, and such activities are of demonstrable benefits to the Shareholders; and
- c) any such soft commission is paid by the Management Company and/or the Investment Managers, as the case may be, to broker-dealers which are corporate entities and not individuals.

## 11. Commission Sharing Arrangements

The Management Company and/or the Investment Managers may enter into commission sharing arrangements only where there is demonstrable benefit to the Company and where the Management Company and/or the Investment Managers are satisfied that the transactions generating the shared commissions are made in good faith, in strict compliance with applicable regulatory requirements and are in the best interests of the Company and the Shareholders.

Such arrangements must only be entered into by the Management Company and/or the Investment Managers on terms commensurate with best market practice and brokerage rates should not be in excess of customary institutional full-service brokerage rates. Such commissions may be used to pay for research and/or other goods and services. Other jurisdictions may have other arrangements in place to pay for such services in accordance with local regulatory obligations.

## 12. Commissions and benefits

Sales commissions and trail commissions may be paid to sales partners and, in compliance with Luxembourg law, reimbursements may be granted to investors from the management and UCI administration agent fee as well as the performance-related fee of the Management Company.

The Management Company regularly passes on part of its management and UCI administration fee to intermediaries; such compensation may also be in the form of non-monetary benefits. This is to reimburse and improve the quality of distribution and advisory services on a commission basis. This may involve a considerable part of the management fee. At the same time, the Management Company may receive fees or non-monetary benefits from third parties. The Management Company will disclose details on demand to investors on the fees and benefits granted or received. The Management Company may also make reimbursements to investors from the management and UCI administration fee.

If the investor is advised by third parties when acquiring shares or if such parties act as broker to the acquisition, they may quote costs or expense ratios that are not identical to the costs disclosed in this prospectus and in the key information documents. The expense ratio may also exceed the total expense ratio as described in the prospectus. The reason for this may be specifically that the third party additionally takes into account the cost of its own operations (e.g. brokerage, advice or securities account maintenance). In addition, the third party may also take into account non-recurring costs, such as sales loads, and generally uses different calculation methods or estimates for the expenses incurred at Sub-Fund level, which include the Sub-Fund's transaction costs in particular. Divergences in the cost quotation may arise both in the case of information provided prior to conclusion of a contract and for regular cost information about the Sub-Fund investment held within a long-term client relationship.

## 13. Indemnity of Directors and Officers

In accordance with the Articles of Incorporation, the Company may indemnify any director or officer and his heirs, executors and administrators, against expenses reasonably incurred by him in connection with any legal action, suit or proceeding to which this person may be made a party by reason of his being or having been a director or officer of the Company or, on his request, of any other company of which the Company is a Shareholder or a creditor and from which he is not entitled to be indemnified, except in relation to actions, suits or proceedings in which the person is found legally liable for gross negligence or misconduct. In the event of a settlement, indemnity will be provided only in connection with such matters covered by the settlement and as to which the Company is advised by counsel that the person to be indemnified was not in breach of duty. The foregoing right of indemnity does not exclude other rights to which the person may be entitled.

## 14. Ongoing Charges applicable to the Sub-Fund Allianz European Micro Cap

The costs incurred by the Sub-Funds (or the respective Share Classes) during the preceding financial year (excluding transaction costs) are disclosed in the annual report and are also expressed as a ratio of the average volume of the Sub-Funds (or of the average volume of the respective Share Classes) ("Ongoing Expenses"). In addition to the management and UCI administration fee and depositary fee as well as the *Taxe d'Abonnement*, all other costs are considered except for the incurred transaction costs and any performance-related fees. Costs incurred will not be subject to cost compensation. If a Sub-Fund invests more than 20% of its assets in other UCITS or UCI that publish ongoing expenses, the ongoing expenses of these other UCITS or UCI are taken into consideration when calculating Ongoing Expenses for the Sub-Fund; however, if these UCITS or UCI do not publish their own ongoing expenses, then it is not possible to take the ongoing expenses of the other UCITS or UCI into consideration when calculating Ongoing Expenses. If a Sub-Fund does not invest more than 20% of its assets in other UCITS or UCI, any costs that may be incurred at the level of these UCITS or UCI are not taken into consideration.

## 15. Ongoing Charges applicable to the Sub-Fund Allianz Global Bond Fund

The costs incurred by the Sub-Funds (or the respective Share Classes) during the preceding financial year (excluding

transaction costs) are disclosed in the annual report and are also expressed as a ratio of the average volume of the Sub-Funds (or of the average volume of the respective Share Classes) ("Ongoing Charges"). In addition to the All-in-Fee as well as the taxe d'abonnement (see "Taxation"), all other costs are considered except for the incurred transaction costs, the costs the use of securities lending programmes and securities lending brokers and remuneration for arranging, preparing and executing securities lending and/or repurchase/reverse repurchase transactions by the Management Company and any performance fees. Costs incurred will not be subject to cost compensation.

If a Sub-Fund invests more than 20% of its assets in other UCITS or UCI that publish their ongoing charges, these ongoing charges are taken into consideration when calculating the Ongoing Charges for the Sub-Fund.

## 16. Remuneration Policy

The primary components of monetary remuneration are the base salary, which typically reflects the scope, responsibilities and experience that are required in a particular role, and an annual discretionary variable compensation award. The variable compensation typically includes both, an annual bonus payment in cash after the end of each performance year and a deferred component for all employees whose variable remuneration exceeds a specified threshold.

The total amount of the variable remuneration payable throughout the Management Company depends on the performance of the business and on the Management Company's risk position. For this reason it varies from year to year. In this respect the allocation of specific amounts to particular employees is i.a. based on the performance of the employee or his department during the period under review.

The level of pay awarded to employees is tied to both quantitative and qualitative performance indicators. Quantitative indicators are aligned around measurable goals. Qualitative indicators take into account actions reflecting the Management Company's core values of excellence, passion, integrity and respect. Such indicators also comprise the absence of significant regulatory breaches or deviations from compliance and risk standards including AllianzGI's sustainability risk management policy.

For investment professionals, whose decisions make a real difference to delivering successful outcomes for our clients, quantitative indicators are aligned around sustainable investment performance. In particular for portfolio managers, the quantitative element is aligned with the benchmarks of the client portfolios they manage or with the client's stated investment outcome objective measured over a multi-year framework.

For client facing professionals, goals include client satisfaction, measured independently.

The amounts ultimately distributed in the framework of the long-term incentive awards depend on the Management Company's business performance or the performance of certain funds over several years.

The remuneration of employees in controlling functions is not directly linked to the business performance of the departments monitored by the controlling function.

In accordance with the applicable rules, certain groups of employees are classified as "Identified Staff": members of the management, risk takers and employees in controlling positions, as well as all employees whose total remuneration puts them into the same remuneration category as members of the management and risk takers whose activities have a significant effect on the risk profiles of the Management Company and the funds managed by it.

Employees classified as Identified Staff are subject to additional standards relating to performance management, the form of variable compensation and the timing of payments.

Multi-year targets and deferred parts of the variable compensation ensure a long-term performance measuring. In particular, the performance of portfolio managers is measured to a large extent against quantitative return results over a multi-year framework.

For Identified Staff a significant portion of the annual variable remuneration is deferred for three years, starting from a defined variable compensation level. 50% of the variable compensation (deferred and non-deferred) has to consist of units or shares of funds managed by the Management Company or comparable instruments.

An ex-post risk adjustment enables explicit adjustments to previous years' performance evaluation and related compensation, to prevent the vesting of all or part of the amount of a deferred remuneration award (Malus), or the return of ownership of an amount of remuneration to the Management Company (Clawback)

AllianzGI has a comprehensive risk reporting in place, which covers both current and future risks of the Management Company's business activities. Risks which significantly exceed the organisation's risk appetite are presented to the Management Company's Global Remuneration Committee which will decide, if necessary, on adjustments to the total remuneration pool.

Further details of the Management Company's current remuneration policy are published on the Internet at <https://regulatory.allianzgi.com>. This includes a description of the calculation methods for remuneration and benefits awarded to certain groups of employees, as well as details of the persons responsible for allocation, including members of the remuneration committee. On request, the information will be made available by the Management Company in hard copy without charge.

## Use of Techniques and Instruments and Special Risks associated with such Use

Subject to a Sub-Fund's investment restrictions, the Company may use techniques and instruments as defined in Appendix 2 (in particular derivatives) for the purpose of efficient portfolio management purposes (including hedging). The Company may also enter into market-contrary transactions, which could lead to gains for the Sub-Fund if the prices of the underlying securities fall, or to losses for the Sub-Fund if the prices rise.

Use of such investment strategies may be restricted by market conditions or because of regulatory restrictions and there is no assurance that the pursuit of such strategies will in fact achieve the desired aim.

### **Derivatives**

The Company may use a wide variety of derivatives, which may also be combined with other assets. The Company may also acquire securities and money-market instruments which embed one or more derivatives. Derivatives are based on "underlyings". These "underlyings" may be the admissible instruments listed in No. 1 of Appendix 1 or they may be financial indices, interest rates, exchange rates or currencies. Financial indices here include, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as the continued use of bond and equity indices, indices on the additional permissible instruments listed in No. 1 of Appendix 1, and commodity futures, precious metal and commodity indices.

Set out hereafter are some non-exhaustive examples of the function of selected derivatives that the Sub-Funds or their Share Classes may use depending on their specific applied investment policies:

### **Options**

The purchase of a call or put option is the right to buy or sell a specific "underlying" at a fixed price at a future time or within a specific period of time or to enter into or terminate a specific contract. An option premium is paid for this right, which is payable whether or not the option is exercised.

The sale of a call or put option, for which the seller receives an option premium, is the right to sell or buy a specific "underlying" at a fixed price at a future time or within a specific period of time or to enter into or terminate a specific contract.

### **Futures-Contracts**

Futures-contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt. The amounts of the underlying asset cannot be changed nor can the settlement date for the contract. Trades in futures are conducted via brokers who execute for the respective Sub-Fund's portfolio and/or clear the contracts for the Sub-Fund's portfolio on the exchange. Futures-contracts are subject to margin provisions. At the time of purchase or sale, initial margin is posted to the exchange via the clearing broker. As the price of the contract rises or falls with the price of the underlying, variation margin is posted or received by the Sub-Fund's portfolio via a clearing broker.

Futures-Contracts on equity indices (equity index futures) will be used for both, efficient portfolio management and hedging purposes. An equity index future is a futures-contract whose underlying instrument is an equity index. The market value of an index future tends to rise and fall in relation to the underlying index. The price of an index future will generally increase as the level of its underlying increases.

Interest rate and currency futures-contracts are used to increase or reduce interest rate or currency exposure to a particular market. Buying interest rate or currency futures provides the respective Sub-Fund with interest rate exposure to the government bond interest rates in a given country or currency area (e.g. Eurozone). Selling futures-contract reduces interest rate or currency exposure in the same way. Futures-contracts will sometimes be used by the respective Sub-Fund in combination with other securities. For example, by buying corporate bonds and selling a duration-weighted amount of other bond futures-contracts against those purchases, the respective Sub-Fund can take advantage of movements in credit spreads without having exposure to interest rate risk in that market.

**Forward Transactions / Forward Contract**

A forward transaction is a mutual agreement that authorises or obliges the counterparties to accept or to deliver a specific “underlying” at a fixed price and at a specific time, or to make a corresponding cash settlement available. Generally, only a fraction of the size of any contract must be paid upfront (“margin”).

**Contract for Difference**

A contract for difference is a contract between the Company and a counterparty. Typically, one party is described as “buyer” and “seller”, stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at contract time (If the difference is negative, then the buyer pays instead to the seller). Contract for differences may be used to take advantage of prices moving up (long positions) or prices moving down (short positions) on underlying financial instruments and are often used to speculate on those markets. For example, when applied to equities, such a contract is an equity derivative that allows the portfolio manager to speculate on share price movements, without the need for ownership of the underlying shares.

**Swaps**

A swap is a transaction in which the reference values underlying the transaction are swapped between the counterparties. The Company may, in particular, enter into interest-rate, currency, equity, bond and money-market related swap transactions, as well as credit default swap transactions within the framework of the Sub-Fund’s investment strategy. The payments due from the Company to the counterparty and vice versa are calculated by reference to the specific instrument and an agreed upon notional amount.

Credit default swaps are credit derivatives that transfer the economic risk of a credit default to another party. Credit default swaps may be used, among other things, to hedge creditworthiness risks arising from bonds acquired by a Sub-Fund (e.g. government or corporate bonds). As a rule, the counterparty may be obliged to buy the bond at an agreed price or pay a cash settlement upon the occurrence a previously defined event, such as the insolvency of the issuer, occurs. The seller of the credit default swap pays a premium to the counterparty as consideration for assuming the credit default risk.

Total return swaps are derivatives that transfer the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference obligation to another party. Total return swaps may be used, among other things, to exchange the performance two different portfolios, e.g. the performance of certain assets of a sub-fund towards the performance of an index or an external portfolio which may be managed pursuant to a particular strategy as more detailed described in the information sheet of a Sub-Fund.

**OTC Derivative Transactions**

The Company may enter into transactions in derivatives both in derivatives that are admitted for trading on an exchange or on another Regulated Market, as well as so-called over-the-counter transactions (OTC transactions). In OTC transactions, the counterparties enter into direct, non-standardised agreements that are individually negotiated and that contain the rights and obligations of the counterparties. OTC derivatives often have only limited liquidity and may be subject to relatively high price fluctuations.

**TBA derivatives**

TBA derivatives are forward contracts on a generic pool of mortgages. Generally, the specific mortgage pools are announced and allocated a certain time before the delivery date. Overall characteristics of this pool of mortgages is specified (e.g., issuer, maturity, coupon, price, paramount, and/or settlement date) but the exact securities to be delivered to the buyer are generally determined two days before delivery, rather than at the time of the original trade.

The use of derivatives to hedge an asset of a Sub-Fund is intended to reduce the economic risk inherent in that asset. This also has the effect, however, of eliminating the Sub-Fund’s participation in any positive performance of the hedged asset.

A Sub-Fund incurs additional risks when using derivative instruments to increase returns in pursuit of its investment objective. These additional risks depend on the characteristics both of the respective derivative and of the “underlying”. Derivative investments may be subject to leverage, with the result that even a small investment in derivatives could have a substantial, even negative, effect on the performance of a Sub-Fund.

Any investment in derivatives is associated with investment risks and transaction costs which a Sub-Fund would not be exposed to were it not to pursue such strategies.

Specific risks are associated with investing in derivatives and there is no guarantee that a specific assumption by the Investment Manager will turn out to be accurate or that an investment strategy using derivatives will be successful. The use



of derivatives may be associated with substantial losses which depending from the particular derivative used may even be theoretically unlimited. The risks are primarily those of general market risk, performance risk, liquidity risk, creditworthiness risk, settlement risk, risk of changes in underlying conditions and counterparty risk. The following can be emphasized in connection with this:

- The derivatives used may be misvalued or – due to different valuation methods – may have varying valuations.
- The correlation between the values of the derivatives used and the price fluctuations of the positions hedged on the one hand, and the correlation between different markets/positions hedged by derivatives using underlyings that do not precisely correspond to the positions being hedged may be imperfect, with the result that a complete hedging of risk is sometimes impossible.
- The possible absence of a liquid secondary market for any particular instrument at a certain point in time may result in it not being possible to close out a derivative position even though it would have been sound and desirable to do so from an investment perspective;
- OTC markets may be particularly illiquid and subject to high price fluctuations. When OTC derivatives are used, it may be that it is impossible to sell or close out these derivatives at an appropriate time and/or at an appropriate price.
- There is also the possible risk of not being able to buy or sell the “underlyings” that serve as reference values for the derivative instruments at a time that would be favourable to do so or being compelled to buy or sell the underlying securities at a disadvantageous time.

For derivative investments through certificates, there are also the additional general risks associated with investment in certificates. A certificate vests the right, under conditions set forth in detail in the terms and conditions of the issuer of the certificate, for the issuer of the certificate to demand the payment of an amount of money or to deliver certain assets on the settlement date. Whether, and if so, the extent to which the holder of a certificate has a corresponding claim on performance, depends on certain criteria, such as the performance of the underlying security during the term of the certificate or its price on certain days. As an investment instrument, certificates essentially contain the following risks (related to the issuer of the certificate): the creditworthiness risk, the company-specific risk, the settlement default risk and the counterparty risk. Other risks that should be emphasised are the general market risk, the liquidity risk and, if applicable, the currency risk. Certificates are as a rule not hedged through other assets or through third-party guarantees.

Where applicable, (1) certain techniques and instruments are accounted for based on their delta-weighted values, (2) market-contrary transactions are considered to reduce risk even where underlyings and the Subfund assets are not matched.

The Investment Manager may, in particular, invest either directly or indirectly in eligible assets by using techniques and instruments relating to transferable securities and money markets instruments for efficient portfolio management (including hedging) and/or investment purposes, if it is ensured by the Investment Manager, that the Sub-Fund adheres to its investment limits as set out in (i) a Subfund's Investment Objective, and (ii) in a Sub-Fund's Investment Principles. The use of such techniques and instruments should not result in a change of the declared investment objective of a Sub-Fund or substantially increase the risk profile of a Sub-Fund.

For this purpose, the techniques and instruments are considered with the delta-weighted value of the respective underlyings in the manner prescribed. Market-contrary techniques and instruments are considered to reduce risk even when their underlyings and the assets of the Sub-Funds are not precisely matched.

In the case of efficient portfolio management, techniques and instruments are used where:

- a) they are cost-effective,
- b) they are entered into to reduce risk or cost or to generate additional capital or income with risk levels which is consistent with the risk profile of the Sub-Fund and applicable risk diversification rules,
- c) their risks are adequately captured by the risk management process of the Company.

The use of techniques and instruments may not

- a) result in a change of the Sub-Fund's investment objective,
- b) add substantial risks to the risk profile of the Sub-Fund.

The Investment Managers always follow a risk-controlled approach in the use of techniques and instruments.

**Securities Repurchase Agreements, Securities Lending transactions**

The Company may not enter into repurchase agreements and into securities lending transactions.

# Taxation

The following summary is based on the current laws and customs in Luxembourg and may be subject to change.

Dividends, interest payments and other income paid to the Company on its investments may be subject to non-refundable withholding taxes or other taxes in the country of origin. It should be assumed that the Shareholders of the Company are domiciled in different countries for tax purposes. For this reason, no attempt is made in the Prospectus to summarise the tax consequences for all investors. These consequences will vary depending on the Shareholder's personal circumstances in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile, permanent residence or in which a Shareholder has his shares in custody.

The Company is not subject to any Luxembourg tax on profits or income, nor are any distributions from the Sub-Funds of the Company subject to any Luxembourg withholding tax. However, the Company is subject to a tax (Taxe d'Abonnement) of 0.01 % per annum on institutional Share Classes (these Share Classes are set out in Appendix 3) of equity, balanced and bond funds under Article 174 Paragraph 2 c) of the Luxembourg Law of 17 December 2010, unless they are invested in Luxembourg investment funds that are themselves subject to the Taxe d'Abonnement. This tax is payable quarterly on the basis of the Net Asset Value of the Sub-Fund or the corresponding Share Class at the end of the relevant calendar quarter. There is no Luxembourg stamp duty or other tax payable on the issuance of the shares. Capital gains realised on Company assets are not subject to tax in Luxembourg.

In accordance with the current laws of Luxembourg, Shareholders are neither subject to (1) income tax on income from investment funds, (2) capital gains tax nor (3) withholding tax, subject to the provisions of the following paragraphs. However, this does not apply to Shareholders who have their domicile, residence or a permanent establishment in Luxembourg.

## The OECD Common Reporting Standard

Luxembourg has implemented the "Standard for Automatic Exchange of Financial Account Information", also known as the Common Reporting Standard ("CRS"), into Luxembourgish law on 18 December 2015.

The CRS is a new, single global standard on Automatic Exchange of Information ("AEOI") which was approved by the Council of the Organisation for Economic Cooperation and Development ("OECD") in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions will be required to exchange certain information held by financial institutions regarding customers with tax residency outside the country. Over 90 jurisdictions have committed to exchanging information under the CRS. On 29 October 2014, Luxembourg (along with 50 other countries) signed such multilateral agreement (Multilateral Competent Authority Agreement on automatic exchange of financial account information "MCAA") and committed, along with more than 40 other countries, to an early implementation of the CRS. The countries participating in the automatic exchange of financial accounts are those countries that have signed the MCAA. For the early adopters, the first exchange of information took place as of the end of September 2017 with respect to accounts that existed as of 1 January 2016 and high value accounts that existed as of 31 December 2015. Initial information on low-value individual accounts that existed as of 31 December 2015, and legal entity accounts was exchanged at the end of September 2017 or the end of September 2018, depending on when the financial institutions identify them as reportable.

Investors should note that the Company principally will be required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number, tax identification number(s) of each person who is considered to be an account holder for CRS and information relating to each investor's investment (including but not limited to the value of and any payments in respect of the investments) to the Luxembourg tax authorities who may in turn exchange this information with the foreign tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Company may require additional information from Investors.

Investors refusing to provide the requisite information to the Company may also be reported to the Luxembourg tax authorities.

The Company will comply with the reporting and due diligence obligations for information on financial accounts and will provide annually the Luxembourg tax authorities with the required information, which will forward this information to the tax authorities of the countries in which the individual and/or legal entity concerned is resident.

Each prospective Investor should consult its own professional advisers on the requirements applicable to it under these arrangements.

Shareholders are advised to inform themselves about the tax consequences of subscription, purchase, holding, redemption or any other disposal of Shares or earning income (e.g. through distributions of a Sub-Fund or any accumulation) in the framework of the laws in a Shareholder's country of citizenship, residence, domicile or in which a Shareholder has his shares in custody and, if necessary, to seek professional advice.

#### **US Tax Withholding and Reporting under FATCA**

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act ("FATCA") generally impose a US federal reporting and withholding tax regime with respect to certain US source income earned (including, among other types of income, dividends, and interest) and gross proceeds from the sale or other disposal of property that can produce such US source income. The rules are designed to require a certain US persons' direct and indirect ownership of certain non-US accounts and non-US entities by certain U.S. persons (e.g., U.S. citizens and U.S. residents or a partnership, corporation or trust organized in the United States or under the laws of the United States or any of its States) to be reported to the US Internal Revenue Service. The Company may be required to withhold tax in respect of non-compliant Shareholders at the rate of 30 %, if there is a failure to provide certain required information. These rules generally apply to certain payments made on or after 1 July 2014.

Luxembourg has entered into an intergovernmental agreement with the United States of America ("IGA"). Under the IGA, FATCA compliance will be enforced under new local Luxembourg tax legislation (as transposed into Luxembourg law by the law of 24 July 2015) and reporting rules and practices.

The Company will likely require additional information from Shareholders in order to comply with these provisions. Each prospective Shareholder should consult its own tax advisers on the requirements under FATCA applicable to it. The Company may disclose the information, certifications, or other documentation that they receive from (or concerning) their investors to the US Internal Revenue Service, non-US taxing authorities, or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation. Each prospective investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor's own situation. If a change in circumstances occurs, the shareholder or intermediary must inform the Company within 30 days.

## Appendix 1: Investment Powers and Restrictions

Investors can choose from a range of Sub-Funds and Share Classes.

The Investment Manager considers as part of its due diligence process all relevant financial risks, including all relevant sustainability risks that could have a significant negative impact on the return on an investment, in its investment decision and evaluates them on an ongoing basis. The Sustainability Risks assessment does not cover cash and deposits, derivatives, and non-rated investments. Sustainability Risks are clustered as

- Sustainability macro risks with global relevance (for example global warming and climate change).
- Sustainability sector risks with relevance for funds exposed to specific sectors (for example stranded asset risks for Oil & Gas sector).
- Sustainability idiosyncratic risks on the level of individual corporate and sovereign issuers with relevance for funds exposed to these issuers (for example climate transition risk).
- Sustainability investment risks on portfolio level that derive from portfolio exposure on Sustainability macro risk, Sustainability sector risks and in particular invested Sustainability issuers.

Sustainability risks are assessed using external sustainability research data and/or internal research and analysis. Both external and internal research aims at identifying potential financial risks of an investment in securities of an issuer related to sustainability. Issuers can be corporate issuers, sovereign issuers, or sub-sovereign agency issuers. Details can be found in the Risk Management Policy Statement available at <https://www.allianzgi.com/en/our-firm/esg>.

All Sub-Funds comply with the process described above.

In addition, specific investment strategies as explained in Part 4 ("Introduction") which are in line with Article 8 and 9 of the Sustainability-related Disclosure Regulation have features that to some extent could limit certain risks, in particular reputational risks, e.g., exclusions of certain industries or of the worst rated issuers.

If a Sub-Fund's specific investment strategy is carried out in accordance with Art. 9 of the Sustainability-related Disclosure Regulation, all relevant information to be disclosed pursuant to Art. 5 of the Taxonomy Regulation in this regard may be found in Appendix 7. Sub-Funds are managed in accordance with Art. 9 (1), (2) or (3) of the Sustainability-related Disclosure Regulation if they have sustainable investment as its objective.

If a Sub-Fund's specific investment strategy is carried out in accordance with Art. 8 of the Sustainability-related Disclosure Regulation, all relevant information to be disclosed pursuant to Art. 6 of the Taxonomy Regulation in in this regard may be found in Appendix 7. Sub-Funds are managed in accordance with Art. 8 (1) of the Sustainability-related Disclosure Regulation if they promote, amongst other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

Where a Sub-Fund's investment strategy is neither carried out in accordance with Art. 9 of the Sustainability-related Disclosure Regulation nor in accordance with Art. 8 of the Sustainability-related Disclosure Regulation, such Sub-Fund may be found in in Appendix 7 by explicitly stating that Sub-Fund's investments do not consider the EU criteria for environmentally sustainable economic activities.

Furthermore, the Management Company considers PAI indicators on sustainability factors in a similar manner as described before in the course of all investment decisions to be taken for a Sub-Fund. Further details are included in the Management Company's Principal Adverse Impact Statement available on the website [www.allianzglobalinvestors.com](http://www.allianzglobalinvestors.com).

PAI Indicator(s) are various indicators which intend to show the material or likely to be material impact of investment decisions on Sustainability Factors. PAI Indicators include, but are not limited to, greenhouse gas emissions, biodiversity,

water, waste as well as social and employee matters for corporate issuers, and, where relevant, an indicator applicable to investments in securities of sovereign issuers. PAI indicators are used to measure how issuers negatively impact Sustainability Factors.

The assets of the Sub-Funds may, subject to a Sub-Fund's information sheet and depending on market conditions, be either focused on:

- individual asset classes;
- individual currencies;
- individual themes;
- individual sectors;
- individual countries;
- individual regions;
- assets with shorter or longer (residual) maturities; and/or
- assets of issuers/debtors of a specific nature (e.g. government or corporate),

or may be more broadly invested.

The Investment Manager may select securities based on fundamental and/or quantitative analysis. In this process, individual securities are analysed, assessed and selected in accordance with different investment processes. In order to generate sustained alpha, a Sub-Fund's Investment Manager may incorporate the analysis of the ever-growing data universe into the concrete investment process / investment strategy thereby embracing new statistical techniques which may include, but are not limited to, (i) machine learning and/or (ii) natural language processing and/or (iii) artificial intelligence ("AI") to analyse the data efficiently for better and deeper exploitation of unrevealed information. The Investment Manager intend to use the latest available technology and techniques to derive investment signals according to the aforesaid possibilities. The allocation of these investment signals is always fully owned by a Sub-Fund's Investment Manager, who is responsible for both, the final implementation as well as the accounting for the performance.

**In all cases – independent if the Investment Manager makes use of the new statistical techniques or not - a Sub-Fund's Investment Manager is always and solely responsible for the final decisions made in the context to analyse, to assess and to select individual securities.**

The Investment Manager may invest in the corresponding securities of companies of all sizes, either directly or indirectly. Depending on the market situation, the Investment Manager may focus either on companies of a certain size or individually determined sizes or have a broad investment focus. The Sub-Fund may also invest in very small cap stocks, some of which operate in niche markets.

The Investment Manager may, also invest either directly or indirectly in Value Stocks and Growth Stocks. Depending on the market situation, the Investment Manager may either concentrate on Value Stocks or Growth Stocks or have a broad investment focus.

Where a theme and/or a sector is referred to in a Sub-Fund's investment objective (or in a Sub-Fund's investment principles), the Investment Manager will (or if specifically restricted in a Sub-Fund's investment objective or investment principles, will not) make investments which have exposure or connection to such theme and/or sector. Such investments may include any securities and Money Market Instruments of companies that either

- (i) are included in publicly available financial indices (if any) or in segments (if any) as defined by the Global Industry Classification Standard – (GICS<sup>®</sup>) which refer to such theme and/or sector,
- (ii) currently generate (either directly or indirectly) a material part of their business activities (sales, profits or expenses) in such theme and/or sector,

- (iii) currently (either directly or indirectly) engage in the respective theme and/or sector and will likely - pursuant to the Investment Manager's discretionary assessment – materially increase the importance of such engagement on short-term or mid-term, or
- (iv) have substantial direct or indirect participation by way of ownership in the companies as described under (i) to (iii) above.

In the aforesaid scenarios the Investment Manager will focus primarily in securities and/or Money Market Securities of companies whose products or behavior, in the Investment Manager's opinion, are part and/or are enablers and/or make a positive impact on such theme and/or sector.

The scenarios as described under the aforesaid items (iii) and (iv) may also include securities of companies with exposure or connection to the respective theme and/or sector on an ancillary basis (i.e. Equities, Debt Securities of companies which have exposure or connection to themes and/or sectors as not referred to in a Sub-Fund's investment objective (or in a Sub-Fund's investment restriction) ("such other themes and/or sectors") even if the exposure or connection to such other themes and/or sectors are more material than the exposure or connection to the theme and/or sector which is referred to in a Sub-Fund's investment objective (or in a Sub-Fund's investment restriction).

The Investment Manager orients the composition of each Sub-Fund under management depending on its assessment of the market situation and taking into consideration the individual Investment Restrictions, which may result in the complete or partial reorientation of the composition of a Sub-Fund. For this reason, it is possible that such adjustments may be made even frequently.

**Sub-Funds assets are invested according to the principle of risk diversification. The portfolio of each Sub-Fund will comprise eligible assets which have been selected following a thorough analysis of the information available to the Investment Manager and subject to a careful evaluation of the risks and opportunities. The performance of the Shares, however, remains dependent on price changes in the markets. Therefore, no guarantee can be given that the investment objectives of the Sub-Funds will be achieved, unless an explicit guarantee to this effect is mentioned for the respective Sub-Fund.**

The Management Company may permit co-management of assets of one or more Sub-Funds with one or more other Sub-Funds and/or with other undertakings for collective investment managed by the Management Company. In such event, assets of the various Sub-Funds with the same Depositary will be managed jointly. The assets under co-management are referred to as a "pool", whereby such pools are, however, exclusively used for internal management purposes. The pools are not separate entities and are not directly accessible to investors. To each of the co-managed Sub-Funds shall be allocated its relevant specific assets.

When combining assets from more than one Sub-Fund in a pool, the assets attributable to each participating Sub-Fund are initially determined by applying the original allocation of assets of that Sub-Fund to the said pool. The assets change if the Sub-Fund adds or removes assets from the pool.

The entitlement of each participating Sub-Fund to the co-managed assets applies regarding each individual asset of such a pool.

Additional investments made on behalf of the co-managed Sub-Funds are allocated to such Sub-Fund according to its respective entitlement. Sold assets are charged similarly against the assets attributable to each participating Sub-Fund.

The Investment Manager may, in particular, invest either directly or indirectly in eligible assets by using techniques and instruments relating to transferable securities and money market instruments for efficient portfolio management (including hedging) and/or investment purposes, if it is ensured by the Investment Manager, that the Sub-Fund adheres to its investment limits as set out in (i) the Investment Powers and Restrictions, (ii) a Sub-Fund's specific Investment Objective and (iii) a Sub-Fund's individual investment principles. The use of such techniques and instruments should not result in a change of the declared investment objective of a Sub-Fund or substantially increase the risk profile of a Sub-Fund.

Where the provisions of this Appendix provide that an asset must have a rating by one or more Rating Agencies, such an asset may also have (i) an equivalent rating from another Rating Agency that is not mentioned in the Sub-Fund's Investment Restrictions or (ii), if unrated, a rating of a comparable quality as determined by the Investment Manager. If an asset loses the minimum rating set out in the Sub-Fund's Investment Restrictions, it must be sold within six months.

The Investment Manager may invest in securities from developed countries. Nevertheless, securities from Emerging Markets may also be acquired to a substantial extent or even fully. The weighting between investments in developed countries and emerging markets may fluctuate depending on the evaluation of the market situation and will be mentioned in the Sub-Fund's specific investment principles in combination with a Sub-Fund's individual Investment Objective. In addition, a Sub-Fund's concrete exposure in Emerging Markets is explicitly mentioned in a Sub-Fund's individual investment principles.

The Investment Manager may invest in securities which are rated Investment Grade. Nevertheless, the Investment Manager may also acquire High-Yield Investments to a substantial extent or even fully. The weighting between investments in Investment Grade rated and/or High-Yield Investments may fluctuate depending on the evaluation of the market situation and will be mentioned in the Sub-Fund individual investment objective or in the Sub-Fund specific investment principles.

Where it is stated in a Sub-Fund's information sheet that the Investment Manager may invest in the PRC bond markets, the Investment Manager may invest in Interest-bearing Securities which are traded and/or admitted on the CIBM either directly or indirectly through the CIBM Initiative or via Bond Connect or via other foreign access regimes (e.g. FII Program), and/or via other means as may be permitted by the relevant regulations from time to time.

The general provisions below apply unless otherwise extended or further restricted by law or in the information sheets of the Sub-Funds, including introduction.

### **1. Each Sub-Fund may invest in the following assets unless there is a restriction in the Sub-Fund information sheet:**

a) Securities and money-market instruments that,

- are traded on a stock exchange or another Regulated Market of an EU member state or of a third country, which operates regularly and is recognised and open to the public, or
- are offered within the scope of initial public offerings, the issuing terms of which include the obligation to apply for admission to official listing on a stock exchange or in another Regulated Market (as detailed above), and the admission of which is obtained no later than one year after the issue.

Money-market instruments are investments that are normally traded on the money market that are liquid and whose value can be determined precisely at any time.

Securities referring to indices may only be acquired if the respective index is compliant with Art. 44 of the Law and Art. 9 of the Directive of the Grand Duchy of 8 February 2008.

b) Units of UCITS or other UCIs (as defined in the UCITS Directive) established in a member state of the European Union or in a third country, if:

- such other UCIs are subject to official supervision, which in the opinion of the CSSF is equivalent to that of European Community law, and adequate assurance of the co-operation between the relevant government agencies exists;
- the level of protection for the unitholders of the UCI is equivalent to the level of protection for the unitholders of a UCITS, and in particular the provisions for separate safekeeping of fund assets, borrowing, lending, and short sales of securities and money-market instruments are equivalent to the requirements of the UCITS Directive;
- the business operations of the UCI are the subject of annual and semi-annual reports that make it possible to form a judgement concerning the assets and liabilities, the income and transactions in the reporting period;
- the UCITS or the UCI, the units of which are to be acquired, may according to its formation documents, invest a maximum of 10 % of its assets in units of other UCITS or UCIs.

c) Time deposits and/or deposits at sight ("Deposits") with a maximum term of 12 months with financial institutions, provided the financial institution in question has its registered office in a member state of the European Union or, if the registered office of the financial institution is located in a third country, is subject to regulatory provisions, which in the opinion of the CSSF are equivalent to those of European Community law. Time deposits are generally held in interest-bearing bank accounts that have a pre-set date of maturity. Deposits at sight are limited to cash held in current accounts with a bank accessible at any time to cover current or exceptional payments. The deposits may in principle be denominated in all currencies permitted by the investment policy of the Sub-Fund.



- d) Financial derivative instruments ("derivatives"), e.g. in particular futures contracts, forward contracts, options and swaps including equivalent instruments settled in cash, which are traded on Regulated Markets described in a) above, and/or derivative financial instruments that are not traded on Regulated Markets ("OTC derivatives"), if the underlying securities are instruments as defined under letter a) and b) and in which a Sub-Fund may invest in accordance with its investment objective or financial indices, interest rates, exchange rates or currencies. Financial indices for this purpose include, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as, in particular, bond, equity, commodity futures, precious metal and commodity indices and indices on additional permissible instruments listed under this number. For the avoidance of doubt, no derivative transaction will be entered into which provides for a physical delivery of any component of an underlying commodity futures, precious metal and commodity indices.

In addition, the following conditions must also be fulfilled for OTC derivatives:

- The counterparty must be top-rated financial institutions, specialised in such transactions, which have been rated by a recognized rating agency (e.g. Moody's, S&P or Fitch) with at least Baa3 (Moody's), BBB- (S&P or Fitch) and be institutions subject to prudential supervision, and belonging to the categories approved by the CSSF. There are no further restrictions with regard to legal status or country of origin of the counterparty.
  - The OTC derivatives must be subject to a reliable and verifiable valuation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at a reasonable price.
  - The transactions must be effected on the basis of standardised contracts.
  - The transactions shall be subject to the Company's collateral management policy as described in Appendix 2. No. 5.
  - The Company must deem the purchase or sale of such instruments, instead of instruments traded on a stock exchange or in a Regulated Market, to be advantageous to Shareholders. The use of OTC transactions is particularly advantageous if it facilitates a hedging of assets at matching maturities, thus being less expensive.
- e) Money-market instruments that are not traded on a Regulated Market and do not fall under the definition under No. 1 a), provided that the issuer or issuer of these instruments is itself subject to regulations concerning deposit and investor protection. The requirements for deposit and investor protection are fulfilled for money-market instruments if these instruments are rated investment grade by at least one recognised rating agency or the Company considers that the credit rating of the issuer corresponds to a rating of investment grade. These money-market instruments must also be
- issued or guaranteed by a central governmental, regional or local body or the central bank of a member state of the EU, the European Central Bank, the European Union or the European Investment Bank, a third country or if a federal state, a state of this federal state, or by an international organisation under public law, to which at least one member states belongs; or
  - issued by a company whose securities are traded on the Regulated Markets described under No. 1 a); or
  - issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in European Community law, or an institution that is subject to regulatory provisions, which in the opinion of the CSSF, are equivalent to European Community law; or
  - issued by other issuers who belong to a category that was admitted by the CSSF, provided that regulations for investor protection apply to investors in these instruments, which are equivalent to those of the first, second or third bullet points and provided the issuer is either a company having a share capital of at least EUR 10 million, which prepares and publishes its annual financial statements according to the requirements of the Fourth Directive 78/660/EEC, or is a legal entity, which within a group of one or several listed companies, is responsible for the financing of this group, or is a legal entity, which is intended to finance the securitisation of debt by utilising a credit line granted by a financial institution.

## **2. A Sub-Fund may also conduct the following transactions, unless explicitly excluded in the relevant information sheet:**

- invest of up to 10 % of the assets of a Sub-Fund in securities and money-market instruments other than those listed under No. 1 – subject to the provisions of the relevant Information sheet – ;
- raise short-term loans of up to 10 % of the Sub-Fund's net assets, provided the Depositary agrees to the borrowing and the terms of the relevant loan; the information sheet of the respective Sub-Fund or the introduction will give an only declarative indication. Not included in this 10 % limit, but permissible without the approval of the Depositary, are foreign currency loans in the form of back-to-back loans.

### 3. In investing the assets of the Company, the following restrictions must be observed; the information sheet of a Sub-Fund may provide for additional restrictions or more extensive powers:

- a) On behalf of a Sub-Fund, the Company may purchase securities or money-market instruments of an issuer, provided that the aggregate value of such securities and the value of securities issued by the same issuer which are already contained in the Sub-Fund does not exceed 10 % of the Sub-Fund's net assets at the time of purchase. A Sub-Fund may invest a maximum of 20 % of its net assets in deposits at one institution. The default risk of the counterparties in OTC derivatives transactions may not exceed 10 % of a Sub-Fund's net assets if the counterparty is a financial institution within the meaning of No. 1 c); for other cases, the maximum limit is 5 % of the Sub-Fund's net assets. The aggregate value in the Sub-Fund's net assets of securities and money-market instruments of issuers where the Sub-Fund has invested more than 5 % of its net assets in securities and money-market instruments of the same issuer may not exceed 40 % of the Sub-Fund's net assets. This restriction does not apply to deposits and to transactions with OTC derivatives that are effected with financial institutions that are subject to official supervision.

A Sub-Fund may invest in ancillary liquid assets which are limited to deposits at sight, such as cash held in current accounts with a bank accessible at any time to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets according to Appendix 1, Nr. 1 or for a period strictly necessary in case of unfavorable market conditions. The holding of such ancillary liquid assets is limited to 20% of a Sub-Fund's net assets. Such 20% limit shall only be temporarily breached for a period strictly necessary when, because of exceptionally unfavorable market conditions, circumstances so require and where such breach is justified by the interests of a Sub-Fund's shareholders.

Irrespective of the individual investment limits cited above, a Sub-Fund may not invest more than 20 % of its net assets in aggregate in:

- the securities or money-market instruments issued by a single body,
  - deposits with that body and/or
  - exposures arising under OTC derivatives entered into with that body.
- b) If the purchased securities or money-market instruments are issued or guaranteed by a member state of the EU or its central, regional or local authorities, a third country, or by international organisations under public law to which one or more member states of the EU belong, the restriction under the first sentence of No. 3 a) is increased from 10 % to 35 % of the Sub-Fund's net assets.
- c) In the case of bonds issued by financial institutions domiciled in an EU Member State, where the respective issuers are subject to a special official supervision due to statutory provisions protecting bondholders, the restrictions under No. 3 a) sentence 1 and 4 are increased from 10 % to 25 % and 40 % to 80 %, respectively, provided that these financial institutions invest the issuing proceeds, pursuant to the respective statutory provisions, in assets which sufficiently cover the liabilities from bonds for their whole term to maturity, and which, as a matter of priority, are intended for capital and interest repayments becoming due on the issuer's default.
- d) The securities and money-market instruments cited under No. 3 b) and c) will not be considered when applying the 40 % investment limit provided under No. 3 a) sentence 4. The restrictions under No. 3 a) to c) do not apply on a cumulative basis. Therefore, investments in securities or money-market instruments of the same issuer or in deposits with this issuer or in derivatives of the same may not exceed 35 % of the Sub-Fund's net assets. Companies that, with respect to the preparation of their consolidated financial statements in accordance with Directive 83/349/EEC or according to accepted international accounting standards, belong to the same group of companies, are regarded as one issuer when calculating the investment limits listed under No. 3 a) to d). A Sub-Fund may invest up to 20 % of its net assets in securities and money-market instruments of one group of companies.
- e) Investments in derivatives are included in the limits of the numbers listed above.
- f) In derogation of the limits listed under No. 3 a) to d), the Board of Directors may decide that in accordance with the principle of risk diversification, up to 100 % of a Sub-Fund's assets may be invested in securities and money-market instruments of different issues being offered or guaranteed by the European Union, the European Central Bank, a member state of the EU or its local authorities, by a member state of the OECD, or by international organisations under public law to which one or more member states of the EU belong, provided that such securities and money-market instruments have been offered within the framework of at least six different issues, with the securities and money-

market instruments of one and the same issue not to exceed 30 % of the Sub-Fund's net assets. If a Sub-Fund intends to avail of this derogation, a disclosure will be made in the relevant Sub-Fund information sheet or in the introduction.

- g) A Sub-Fund may purchase units of other UCITS or UCIs as defined under No. 1 b) up to a total of 10 % of its net Sub-Fund assets. In derogation of this, the Board of Directors may decide that a higher percentage or all of a Sub-Fund's net assets may be invested in units of other UCITS or UCIs as defined under No. 1 b), which will be explicitly mentioned in the information sheet/introduction for the Sub-Fund in question. In this case a Sub-Fund may not invest more than 20 % of its net Sub-Fund assets in a single UCITS or UCI. When this investment limit is applied, each sub-fund of an umbrella fund as defined under Article 181 of the Law must be considered to be an independent investment fund if the principle of separate liability with regards to third parties is applied to each sub-fund. Similarly, in this case investments in units of other UCIs than UCITS may not exceed a total of 30 % of a Sub-Fund's net assets.

If a Sub-Fund has acquired units of a UCITS or a UCI, the investment values of the relevant UCITS or UCI are not considered with regard to the investment limits stated under No. 3 a) to d).

To the extent that the Sub-Fund invests in units of target funds, investors will have to bear not only directly the expenses and costs described in this prospectus, but also indirectly the pro rata expenses and costs charged to the target fund. The expenses and costs charged to the target fund are determined by their constituting documents (e.g. management regulations or articles of incorporation) and are therefore impossible to forecast in an abstract way. Typically, however, it is to be expected that the fees and expenses charged to the fund described in this prospectus are charged to target funds as well.

If a Sub-Fund acquires shares of a UCITS or UCI which is directly or indirectly managed by the same company or by another company with which the Company is linked by common management or control, or by a substantial direct or indirect participation according to the Law, (including cross Sub-Fund investments between Sub-Funds), then neither the Company nor the associated company may charge fees for the subscription or redemption of units. A Sub-Fund's information sheet may directly or indirectly provide other rules relevant for the respective Sub-Fund.

If a Sub-Fund invests a substantial portion of its assets in other UCITS and/or other UCI as defined above, a management fee at the level of such UCITS or UCI (excluding any performance fee, if any) of no more than 2.50% per annum of their net asset value may be charged.

- h) Irrespective of the investment limits set down in letter i) below, the Board of Directors may determine that the upper limits stated in letters a) to d) above for investments in equities and/or debt instruments of a single issuer amount to 20 % if the objective of the Sub-Fund's investment strategy is to replicate a specific equity or bond index recognised by the CSSF, provided that
- the composition of the index is adequately diversified;
  - the index represents an adequate benchmark for the market to which it refers;
  - the index is published in an appropriate manner.

The limit of 20 % is raised to 35 % provided this is justified based on exceptional market conditions, and in particular in Regulated Markets where certain securities or money-market instruments are in a strongly dominant position. An investment up to this limit is only possible with a single issuer. The limit in accordance with a) above does not apply. If a Sub-Fund intends to avail of this possibility, a disclosure will be made in the relevant Sub-Fund information sheet or in the introduction.

- i) The Company may not acquire voting shares carrying a voting right for any of its investment funds to an extent to which it would be permitted to exercise a significant influence over the management of the issuer. A Sub-Fund may acquire a maximum of 10 % of the non-voting shares, bonds and money-market instruments of any one and a maximum of 25 % of the shares or units of a UCITS or a UCI. This limit does not apply to the acquisition of bonds, money-market instruments and target fund units if the total amount issued or the net amount of the shares issued cannot be calculated. It also does not apply inasmuch as these securities and money-market instruments are issued or guaranteed by a member state of the EU or its central, regional or local authorities or by a third country, or are issued by international organisations under public law to which one or more member states of the EU belong.

The restrictions stated under the first bullet point of No. 2 and No. 3 refer to the time the assets are acquired. If the limits set are subsequently exceeded as a result of price movements or due to reasons beyond the control of the Company, the

Company will adopt as its primary objective the remedying of such situation, taking due account of the interests of its Shareholders.

#### 4. The Company is not permitted to enter into the following transactions:

- a) No Sub-Fund may assume liabilities in connection with the purchase of partly paid securities, the aggregate of which including loans as stipulated in No. 2 second indent exceeds 10 % of the Sub-Fund's net assets.
- b) No Sub-Fund may grant loans, or act as guarantor on behalf of third parties.
- c) No Sub-Fund may acquire securities the disposal of which is subject to any kinds of restrictions due to contractual provisions.
- d) No Sub-Fund may invest in real estate, although real-estate-backed securities or money-market instruments or interests in such investments, or investments in securities or money-market instruments issued by companies which invest in real estate (such as REITs), and interests in such investments are permitted.
- e) No Sub-Fund may acquire precious metals or certificates on precious metals.
- f) No Sub-Fund may pledge or charge assets, transfer them as collateral, or assign them as collateral, unless this is required within the framework of a transaction permitted under the Prospectus. Such collateral agreements are applicable in particular to OTC trades in accordance with No. 1 d) ("Collateral Management").
- g) No Sub-Fund may conduct short sales of securities, money market instruments or target fund shares.
- h) Pursuant to the investment restrictions applicable under Hong Kong requirements, the total aggregate investments by the Company in any ordinary shares issued by any single issuer may not exceed 10 %.

#### 5. Transactions with Affiliated Companies

The Company, on behalf of a Sub-Fund, may also enter into transactions and invest in currencies and other instruments for which affiliated companies act as broker or acts on its own account or for account of the customers. This also applies for cases in which affiliated companies, or their customers execute transactions in line with those of the Company. The Company may also enter into mutual transactions, on behalf of a Sub-Fund, in which affiliated companies act both in the name of the Company and simultaneously in the name of the participating counterparty. In such cases, the affiliated companies have a special responsibility towards both parties. The affiliated companies may also develop or issue derivative instruments for which the underlying securities, currencies or instruments can be the investments in which the Company invests or that are based on the performance of a Sub-Fund. The Company may acquire investments that were either issued by affiliated companies or that are the object of an offer for subscription or other sale of these shares. The commissions and sales charges charged by the affiliated companies should be appropriate.

The Board of Directors may impose additional investment restrictions if these are necessary to comply with the legal and administrative provisions in countries in which the Shares of the Company are offered for sale or sold.

#### 6. Securities pursuant to Rule 144A of the United States Securities Act of 1933

To the extent permitted according to Luxembourg (subject to being otherwise compatible with the investment objective and investment principles / investment restrictions of the respective Sub-Fund), a Sub-Fund may invest in securities which are not registered pursuant to the United States Securities Act of 1933 and amendments thereto (hereinafter referred to as "the 1933 Act"), but which may be sold according to Rule 144A of the 1933 Act to qualified institutional buyers ("securities pursuant to Rule 144A"). The term "qualified institutional buyer" is defined in the 1933 Act and includes those companies whose net assets exceed USD 100 million. Securities pursuant to Rule 144A qualify as securities as set out in Article 41 Paragraph 1 of the Law insofar as the bonds in question contain a registration right as prescribed in the 1933 Act, which states that there is a conversion right for securities registered and freely negotiable on the US OTC fixed-income market. Such conversion must be completed within one year of the purchase of 144A bonds by the respective Sub-Funds otherwise the investment limits set out in Article 41 Paragraph 2 a) of the Law are applicable.

## 7. Direct Investments in Russian Securities

If the investment objective and investment policy of a Sub-Fund allow investment in Russian securities, direct investments in traded Russian securities may be made on the MICEX-RTS ("Moscow Interbank Currency Exchange- Russian Trade System"), which is a regulated market as defined in Article 41 Paragraph 1 of the Law.

## 8. General Exclusion of certain issuers

All Subfunds refrain from direct investing in securities of issuers which, in the opinion of the Board, engage in undesirable business activities. Undesirable business activities comprise particularly of the following:

- Certain controversial weapons: The type of controversial weapons which are in the scope of the exclusion policy may be updated from time to time and can be consulted on the website [https://regulatory.allianzgi.com/ESG/Exclusion\\_Policy](https://regulatory.allianzgi.com/ESG/Exclusion_Policy).
- Coal: Issuers engaged in business activities related to coal will only be in scope of the exclusion policy if they meet certain quantitative criteria. Such criteria may be updated from time to time and can be consulted on the website [https://regulatory.allianzgi.com/ESG/Exclusion\\_Policy](https://regulatory.allianzgi.com/ESG/Exclusion_Policy).

The exclusion policy applies to corporate issuers only. The Subfunds might invest in securities baskets such as indices which can contain securities falling under aforementioned exclusion criteria. To undertake this exclusion, various external data and research providers are used. Debt Securities of issuers which are in scope of the exclusion policy may be kept until the earlier of either maturity of the respective instrument or 30 June 2022 provided such instrument has been acquired on behalf of the respective Subfund prior the enforcement of the exclusion policy.

## Appendix 2: Use of Techniques and Instruments/Risk Management Process

### 1. Use of Techniques and Instruments

Subject to a Sub-Fund's investment restrictions, the Company may use techniques and instruments, in particular derivatives as defined in Appendix 1, for efficient portfolio management (including exercising transactions for hedging purposes). The Company may also use techniques and instruments, in particular to enter into market-contrary transactions.

In particular, the Company may enter into any type of swap, e.g. including credit default swaps pursuant to which the Company and the counterparty agree to swap the returns generated by investments, a security, a money-market instrument, share of a fund, a derivative, a financial index, or a basket of securities or indices for returns from another security, money-market instrument, share of a fund, derivative, a financial index, a basket of securities or indices or other investments. The Company is also authorised to use such credit default swaps, which have an objective other than hedging.

The counterparty of credit default swaps must be a top-rated financial institution which specialises in such transactions. Both the underlyings of the credit default swap and the respective counterparty to the credit default swap must be taken into account with regard to the investment limits set out in Appendix 1 No. 3. Credit default swaps are valued on a regular basis using clear and transparent methods. The Company and the independent auditor will monitor the clarity and transparency of the valuation methods and their application. If the monitoring should reveal any irregularities, the Company will arrange for these to be resolved and eliminated.

The Company may also acquire securities and money-market instruments in which one or more derivatives are embedded (structured products). Derivatives are based on "underlyings". These "underlyings" may be the admissible instruments listed in No. 1 of Appendix 1 or they may be financial indices, interest rates, exchange rates or currencies. Financial indices here includes, specifically, currency, exchange-rate, interest-rate, price and overall interest-rate return indices, as well as the continued use of bond and equity indices, indices on the additional permissible instruments listed in No. 1 of Appendix 1, and commodity futures, precious metal and commodity indices.

The techniques and instruments must be used for the purpose of efficient portfolio management, which supposes that they must fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost-effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (iii) generation of additional capital or income for the Sub-Fund with a level of risk which is consistent with the risk profile of the Sub/Fund and the risk diversification rules laid down in Appendix 1, No. 3 letters a) to d);
- (c) their risks are adequately captured by the risk management process of the Company.

The use of techniques and instruments should not

- (a) result in a change of declared investment objective of the Sub-Fund; or
- (b) add substantial supplementary risks in comparison to the Risk Profile as described in the Sub-Fund's information sheet.

A Sub-Fund entering into efficient portfolio management transactions should take into account these operations when developing its liquidity risk management process in order to ensure it is able to comply with its redemption obligations.

## 2. Securities (Reverse) Repurchase Agreements, Securities Lending Transactions

The Company may not enter into (reverse) repurchase agreements and into securities lending transactions.

## 3. Buy-Sell Back Transactions / Sell-Buy Back Transactions, Margin Lending Transactions

A Sub-Fund may not enter into buy-sell back transactions or sell-buy back transactions.

A Sub-Fund may not enter into margin lending transactions.

## 4. Total Return Swaps (TRS) and financial instruments with similar characteristics

Total Return Swaps (TRS) and financial instruments with similar characteristics including contracts for differences or CFDs are not concluded for a Sub-Fund.

## 6. Potential impact of the Use of Techniques and Instruments on the performance of each Sub-Fund

The use of Techniques and Instruments might have a positive and a negative impact on the performance of each Sub-Fund.

The Sub-Funds may use derivatives for hedging purposes. This may lead to correspondingly lower opportunities and risks in the general Sub-Fund profile. Hedging can be used in particular to reflect the different currency-/duration-hedged Share Classes and thus to mark the profile of the respective Share Class.

The Sub-Funds may also employ derivatives in a speculative sense in order to increase returns in pursuing the investment objective, in particular, to represent the general Sub-Funds' profiles and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In reflecting the general Sub-Funds' profiles through derivatives, the general Sub-Funds' profiles will be implemented through the replacement of direct investments in securities, for example, by investments in derivatives or also, in shaping the general Sub-Funds' profiles, specific components of the Sub-Funds' investment objectives and principles may be derivative based, for example reflecting currency positions through investments in derivatives, which normally will not have a substantial effect on the general Sub-Funds' profiles. In particular, if a Sub-Fund's investment objective states that, with the objective of achieving additional returns, the Investment Managers may also assume separate foreign currency risks with regard to certain currencies and/or separate risks with regard to equities, bonds and/or commodity futures indices and/or precious metals indices and/or commodity indices these components of the investment objectives and principles are predominantly derivative based. If the Sub-Funds employ derivatives to increase the level of investment, they do so in order to achieve a medium to long-term risk profile that offers potentially much greater market risk than that of a fund with a similar profile that does not invest in derivatives. The Investment Managers follow a risk controlled approach in the use of derivatives.

## 7. Policy regarding direct and indirect operational costs/fees on the Use of Techniques and Instruments

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques may be deducted from the revenue delivered to the Sub-Funds. These costs and fees should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Sub-Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Management Company. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and semi-annual reports of the Sub-Funds.

## 8. Collateral Management Policy

When entering into OTC derivatives transactions or efficient portfolio management techniques the Company will observe the criteria laid down below in accordance with Circular 14/592 dated 30 September 2014 when using collateral to mitigate counterparty risk. As long as collateralization of OTC derivatives transactions is not legally binding the level of collateral required is in the discretion of the portfolio manager of each Sub Fund.

The risk exposure to a counterparty arising from OTC derivatives and efficient portfolio management techniques should be combined when calculating the counterparty risk limits of Appendix 1, No. 3 letters a) to d).

All assets received by the Sub-Funds in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria laid down below:

- a) Liquidity: any collateral other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral received should also comply with the provisions set out in Appendix 1 No. 3, letter i). If the market value of the collateral exceeds or falls short of the contractually agreed threshold, the collateral will be adjusted on a daily basis as to maintain the agreed threshold. This monitoring process is on a daily basis.
- b) Valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- c) Issuer credit quality: collateral should be of high quality.
- d) Duration: Interest-bearing securities received as collateral should have a maturity equivalent to the maturity of the interest-bearing securities which may be acquired for the respective Sub-Fund according to its investment policy
- e) Correlation: collateral received must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- f) Collateral diversification (asset concentration): collateral must be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Sub-Fund receives from a counterparty of efficient portfolio management and OTC derivatives a basket of collateral with a maximum exposure to a given issuer of 20 % of the Fund's Net Asset Value. When a Fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20 % limit of exposure to a single issuer.
- g) Enforceable: collateral received should be capable of being fully enforced by the Sub-Fund at any time without reference to or approval from the counterparty.
- h) Non-cash collateral cannot be sold, pledged or re-invested.
- i) Cash collateral received should only be
  - held in accordance with Appendix 1, No. 1 letter c); or
  - invested in high-quality government bonds; or
  - short term money market funds as defined in the Guidelines on a Common Definition of European Money Market Funds.

Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral. Re-investment of cash collateral does not release the Sub-Fund from repayment of full cash collateral received, i.e. potential losses incurring from the re-investment have to be borne by the Sub-Fund.

Risks linked to the management of collateral, such as loss in value or illiquidity of received collateral operational and legal risks, should be identified, managed and mitigated by the risk management process. The re-investment of cash collateral exposes to the Sub-Fund to a potential loss of the re-invested assets whereas the full nominal amount (plus interest if applicable) has to be repaid to the counterparty.



Where there is a title transfer, the collateral received should be held by the Depository. For other types of collateral arrangement, the collateral can be held by a third party depository which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

If a Sub-Fund receives collateral for at least 30% of its Net Asset Value an appropriate stress testing policy will be applied to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Sub-Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- c) reporting frequency and limit/loss tolerance threshold(s); and
- d) mitigation actions to reduce loss including haircut policy and gap risk protection.

The Company has a clear haircut policy adapted for each class of assets received as collateral. The haircut is a percentage by which the market value of the collateral will be reduced. The Company typically deducts the haircuts from the market value in order to protect against credit, interest rate, foreign exchange and liquidity risk during the period between collateral calls. The haircut generally is contingent on factors as price volatility of the relevant asset class, the prospective time to liquidate the asset, the maturity of the asset, and the creditworthiness of the issuer. The following minimum haircut levels are applied for the respective each asset class:

Cash (no haircut); Debt Securities issued by governments, central bank and/or supranationals with Investment Grade rating (minimum haircut of 0.5% of the market value); other Debt Securities issued by corporates with Investment Grade rating (minimum haircut of 2% of the market value); Debt Securities as High Yield Investment Type 2 (minimum haircut of 10% of the market value); Equities (minimum haircut of 6% of the market value).

A more volatile (whether because of longer duration or other factors), less liquid asset typically carries a higher haircut. Haircuts are defined with the approval of the risk management function and may be subject to changes depending on changing market conditions. Haircuts may differ depending on the underlying transaction type. Generally, equities will only be accepted as collateral if they are included in major stock indices. Additional (additive) haircuts apply for Debt Securities with a remaining maturity of more than ten years. Additional (additive) haircuts apply for cash or securities received as collateral in which their currency differ from the base currency of the Sub-Fund.

## 9. Risk Management Process

The Management Company will use for each Sub-Fund either the commitment approach, the relative Value-at-Risk approach or the absolute Value-at-Risk approach. The applied risk management approach for each Sub-Fund is displayed in the table below. For those Sub-Funds for which the relative Value-at-Risk approach is used, the respective reference portfolio is additionally outlined below. Furthermore, for Sub-Funds which either use the relative Value-at-Risk approach or the absolute Value-at-Risk approach, the expected level of leverage of derivatives is disclosed.

The expected level of leverage of derivatives is calculated as the expected average sum of notionals of derivatives (not including the investment portfolio). Please note that the actual sum of notionals of derivatives might change over time and might temporarily exceed the expected level of leverage of derivatives. Shareholders should be aware that derivatives might be used for different purposes including hedging or investment purposes. The calculation of the expected level of leverage does not distinguish between the different purposes of a derivative. Therefore, this figure delivers no indication regarding the true riskiness of the Sub-Fund.

Sub-Fund Name	Approach	Expected Level of Leverage in terms of gross derivative exposure of a Sub-Fund's Net Asset Value	Reference Portfolio
Allianz European Micro Cap	Relative Value-at-Risk	0-0.5	The reference portfolio does not include derivatives and consists of an equity portfolio in line with the composition of the MSCI Europe Micro Cap Index.
Allianz Global Bond Fund	Relative Value-at-Risk	0-3	The reference portfolio corresponds to the ICE BofA Global Government Index.

# Appendix 3: Share Classes

## 1. Calculation and Use of Income

Distribution and Accumulation Shares may be issued for each Sub-Fund.

### Distribution Shares

Income available for distribution is calculated by subtracting payable charges, fees, taxes and other expenses from accrued interest, dividends and income received from target fund shares and compensation for securities lending and securities repurchase agreements, while taking into account the corresponding income equalisation.

The current distribution policy for Distribution Shares provides for the distribution of essentially all distributable income, less costs, (as outlined above) for a corresponding time period. Nevertheless, the Company might decide to (1) distribute realised capital gains and other income (accounting for income equalisation), and (2) unrealised capital gains and (3) capital in accordance with Article 31 of the Law. The use of income, and in particular any final distribution made, will be decided for each Share Class by the general meeting of Shareholders of the Company, which may override the distribution provisions set out in the Prospectus.

Distribution proceeds unclaimed for five years will revert to their respective Share Class. No interest accrues on declared distributions.

Under no circumstances may distributions be made if doing so would result in the net assets of the Company falling below EUR 1,250,000.

### Accumulation Shares

Accumulation Shares retain all income (interest, dividends, income from target fund shares, compensation for securities lending and securities repurchase agreements, other income and realised capital gains, while accounting for income equalisation) less payable charges, fees, taxes and other expenses and reinvest these amounts. No distributions are expected to be paid to holders of Accumulation Shares. As a rule, annual accumulation shall take place on 30 June.

Notwithstanding this, Shareholders may, at a general meeting, determine how income and realised capital gains should be treated and may even decide to distribute capital in accordance with Article 31 of the Law, or provide for cash payments or the issue of bonus shares, or may authorise the Board of Directors to make such a decision.

Under no circumstances may distributions be made if doing so would result in the net assets of the Company falling below EUR 1,250,000.

## 2. Structure

Subject to any decision at a general meeting, Share Classes P, I and W are basically distribution Share Classes. Conversely Share Classes PT, IT and WT are basically accumulation Share Classes.

The above-mentioned Share Class types may contain the additional denominations from "2" to "99" and reference to the effect of this will be included in the information sheet of the corresponding Sub-Fund.

Share Classes "20" or "21" are created within the meaning of Section 10 of the German Investment Tax Act (InvStG) ("tax-free Share Classes"), which differ with regard to the investors who may acquire and hold shares, among other differences, may only be acquired and held by

- a) German corporations, associations of persons or asset pools which, under the articles of incorporation, the foundation deed or other constitution and on the basis of the actual management, solely and directly serve non-profit, charitable or church purposes within the meaning of Sections 51 to 68 of the German Fiscal Code (AO) and which do not hold the shares in a business operation;

- b) German foundations under public law, which solely and directly serve non-profit or charitable purposes;
- c) German legal entities under public law, which solely and directly serve church purposes, and
- d) non-German investors comparable with the entities described in letters a) to c), with domicile and management in a foreign state providing administrative and debt enforcement assistance.

As proof that the aforementioned conditions have been met, the investor must provide the Management Company with a valid certificate as specified in Section 9 (1) No. 1 or 2 of the German Investment Tax Act. If the aforementioned conditions are no longer met by an investor, the entity is required to notify this to the Management Company within one month of the conditions no longer being met. Tax exemption amounts that the Company receives in connection with management of the respective Sub-Fund and which are attributable to income from tax-free Share Classes are generally payable to the investors in these tax-free Share Classes. In derogation of this procedure, the Management Company is entitled to allocate the exemption amounts directly to the respective Sub-Fund, in favour of the investors in these tax-free Share Classes; no new shares are issued as a result of this allocation.

Shares in tax-free share classes may not be transferred. If the investor nevertheless transfers shares, the investor is required to notify the Management Company of this within one month of the transfer. This right to redeem the shares exclusively through the Management Company on behalf of the Sub-Fund, in accordance with article 8 of the Articles of Incorporation, shall remain unaffected.

Shares in tax-free Share Classes may also be acquired and held within the framework of retirement provision or base pension agreements, provided they are certified in accordance with Sections 5 or 5a of the Pension Provision Agreements Certification Act (AltZertG). As proof that the aforementioned condition has been met, the provider of the retirement provision or base pension agreement must notify the Management Company that it is acquiring the relevant shares of the tax-free Share Class solely within the framework of retirement provision or base pension agreements. If the aforementioned condition is no longer met, the investor is required to notify this to the Management Company within one month of the conditions no longer being met. Tax exemption amounts that the Management Company receives in connection with management of the respective Sub-Fund and which are attributable to income from the tax-free Share Class are generally payable to the provider of the retirement provision or base pension agreement. The provider must reinvest the amounts in favour of the persons who are entitled under the respective retirement provision or base pension agreement. In derogation of this procedure, the Management Company is entitled to allocate the exemption amounts directly to the fund, in favour of the investors in the tax-free Share Class; no new shares are issued as a result of this allocation. The procedure used is also explained in the prospectus.

Share Classes may be issued in the following currencies: EUR, USD and GBP.

If a Share Class seeks to hedge against the Reference Currency, an "H" is placed ahead of the denomination of the Reference Currency.

Shares in Share Classes I, IT, W and WT may only be acquired by Institutional Investors. Shares of Share Classes I, IT, W and WT may not be acquired by natural persons, nor may they be acquired in situations in which the subscriber of the shares is not a natural person, but is acting as intermediary for a third-party ultimate beneficiary who is a natural person (unless shares are acquired in the own name of the intermediary which itself is an Institutional Investor). A condition may be set on the issue of shares of these types of Share Classes requiring the prior submission by the investor of a written guarantee to that effect.

The subscription of Shares in certain Share Classes may be restricted to certain investors. Any such restriction will be detailed in the relevant information sheet.

The minimum subscription amounts for the investment in Shares in Share Classes P, PT, I, IT, W and WT (after deduction of any Sales Charge) are as set out below:

Share Classes	Minimum investment <sup>1)</sup>
P/PT – Share Classes	EUR 3 million
	USD 3 million
	GBP 3 million
I/IT – Share Classes	EUR 20 million
	USD 20 million
	GBP 20 million
W/WT – Share Classes	EUR 10 million
	USD 10 million
	GBP 10 million
W8/WT8 – Share Classes	EUR 25 million

<sup>1)</sup> In certain cases, the Management Company has discretion to permit lower minimum investments.

Information on the Share Classes that have already been launched for the individual Sub-Funds can be found in the relevant information sheets.

The Board of Directors may decide at any time to create additional Share Classes as well as Share Classes issued in additional currencies for the respective Sub-Funds. In this case, the information sheet of the corresponding Sub-Fund will be updated to include the information on the new Share Classes.

## Appendix 4: Extract of Current Fees and Costs

Sub-Fund Name	Share Class <sup>1)</sup>	Sales Charge <sup>2)7)</sup>	Conversion Fee <sup>3)7)</sup>	Redemption Fee <sup>4)7)</sup>	Management Fee and UCI		Taxe d'Abonnement
					Administration Agent Fee <sup>5)6)</sup>	Distribution Fee <sup>6)7)</sup>	
Allianz European Micro Cap	P/PT	–	–	–	1.25 % p.a.	–	0.05 % p.a.
	I/IT	–	–	–	1.25 % p.a.	–	0.01 % p.a.
	W/WT	–	–	–	1.00 % p.a.	–	0.01 % p.a.

Sub-Fund Name	Share Class <sup>1)</sup>	Sales Charge <sup>2)7)</sup>	Conversion Fee <sup>3)7)</sup>	Redemption Fee <sup>4)7)</sup>	All-in-Fee <sup>4)6)</sup>	Distribution Fee <sup>6)7)</sup>	Taxe d'Abonnement
Allianz Global Bond Fund	W8/WT8	–	–	–	0,33 % p.a.	–	0.01 % p.a.

<sup>1)</sup> Includes all Shares within all respective Share Classes.

<sup>2)</sup> When issuing Shares of the Sub-Funds, the Management Company has discretion to levy a lower Sales Charge.

<sup>3)</sup> The Conversion Fee refers to a conversion into the mentioned Share Class of a Sub-Fund. When converting Shares, the Management Company has discretion to levy a lower Conversion Fee.

<sup>4)</sup> The Management Company has discretion to levy a lower fee.

<sup>5)</sup> A performance fee may also be incurred, for more information see the respective Sub-Fund information sheet.

<sup>6)</sup> The Distributor(s) – through the Management Company – has/have discretion to levy a lower distribution fee.

<sup>7)</sup> A dash is used to indicate that no charge or fee is currently levied.

## Appendix 5: Other Investment Funds Managed by the Management Company under Luxembourg Law

At the time of printing this prospectus the Management Company managed undertakings for collective investment in transferable securities (UCITS) or other undertakings for collective investment (UCI) established in Luxembourg either in the legal form as “fonds communs de placement en valeurs mobilières” (FCP) or as Société d’Investissement à Capital Variable (SICAV) as defined in the Law.

The Management Company managed as well undertakings for collective investment situated in Luxembourg as specialised investment fund according to the Luxembourg Law of 13 February 2007 relating to specialised investment funds, as amended from time to time.

The Management Company managed as well undertakings for collective investment in transferable securities (UCITS) or other undertakings for collective investment (UCI) established in France, Germany, Italy, Ireland and the United Kingdom according to the corresponding domestic jurisdiction.

A list of all Funds and Share Classes which are available for public distribution in your home country may be obtained, free of charge upon request, at the registered office of the Company, from the Management Company or from the website <https://regulatory.allianzgi.com>.

## Appendix 6: Exchanges on which Shares of Sub-Funds may be Traded without the Approval of the Company

Sub-Fund Name	Exchange
Allianz European Micro Cap	-
Allianz Global Bond Fund	-

## Appendix 7: Sub-Funds managed in accordance with the Sustainability-related Disclosure Regulation and specific information to be disclosed in accordance with the Taxonomy Regulation

Sub-Fund Name	Sub-Fund fulfils only transparency requirements according to SFDR Article 6	Sub-Fund is managed in accordance with SFDR Article 8 (1)	Sub-Fund is managed in accordance with SFDR Article 9 (1)	Minimum of Sustainable Investments	Minimum of Taxonomy aligned Investments	Considerations of principal adverse impacts
Allianz European Micro Cap	✓	-	-	-	-	-
Allianz Global Bond Fund	-	✓	-	0.00 %	0.00 %	✓

The Sub-Fund committing to a minimum percentage of investments that take into account the EU criteria for environmentally sustainable economic activities (i.e., Taxonomy-aligned) contributes through its investments to the following environmental objectives: (i) mitigation of climate change, and/or (ii) adaptation to climate change. The Technical Screening Criteria ("TSC") for environmentally sustainable economic have not yet been fully developed (in particular for the other four environmental objectives determined by the Taxonomy Regulation). These detailed criteria will require the availability of multiple, specific data points regarding each investment, mainly relying on Company reported data. As at the date hereof, there is only limited reliable, timely and verifiable data available to be able to assess investments using the TSC. In this context, the Management Company has selected an external Data and Research provider for determining the committed Taxonomy shares. The external Data and Research provider assesses corporate disclosures to evaluate if business activities of corporates meet the TSCs defined by the EU Commission. An additional Do No Significant Harm assessment on issuer is performed by the Management Company to evaluate the eligibility of the Taxonomy-aligned.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. Any other Sustainable Investments must also not significantly harm any environmental or social objectives.

SFDR Article 8 and Article 9 products, which have a high proportion of third-party target funds, do not mitigate PAI indicators, as the third-party target investment manager's approach to exclusion criteria will likely be different than the Investment Managers' for instance regarding calculation methodology, underlying data and thresholds. Sub-Funds, which are not managed in accordance with SFDR Article 8 and Article 9 do not mitigate PAI indicators as they do not apply the sustainable minimum exclusion criteria.



## Part 2: General Risk Factors

Investment in a Sub-Fund may be associated with the following risk factors in particular:

### Company-Specific Risk

The value of the assets in particular of securities and money-market instruments directly or indirectly held by a Sub-Fund may be affected by company-specific factors, such as the issuer's business situation. If a company-specific factor deteriorates, the price of the respective asset may drop significantly and for an extended period of time, possibly even without regard to an otherwise generally positive market trend.

### Concentration Risk

If a Sub-Fund focuses its investments on certain markets or types of investment, by definition this concentration does not allow the same scope of diversification of risks across different markets as would be possible if investments were not as concentrated. Consequently, a Sub-Fund is particularly dependent on the development of these investments or of individual or related markets or of companies included in those markets.

### Counterparty Risk

To the extent that transactions are not handled through a stock exchange or a Regulated Market (e.g. OTC trades), there is a risk that a counterparty may default or not completely fulfil its obligations in addition to the general risk of settlement default. This is particularly true of OTC financial derivative instruments and other transactions based on techniques and instruments. A default of the counterparty might result in losses for the respective Sub Fund. However, in particular with regard to OTC derivatives transactions such risk can be significantly reduced by receipt of collateral from the counterparty in accordance with the Company's collateral management policy as described in in Appendix 2. No. 5.

### Country and Region Risk

If a Sub-Fund focuses its investments on particular countries or regions, this may reduce risk diversification. Consequently, the Sub-Fund is particularly dependent on the development of individual or interdependent countries and regions, or of companies based and/or operating in those countries or regions.

### Country and Transfer Risks

Economic or political instability in countries in which a Sub-Fund is invested may lead to a situation in which a Sub-Fund does not receive part or all of the monies owed to it in spite of the solvency of the issuer of the respective security or other assets. Currency or transfer restrictions or other legal changes, for example, may be significant in this regard.

### Creditworthiness Risk

The creditworthiness (solvency and willingness to pay) of the issuer of an asset in particular of a security or money-market instrument directly or indirectly held by a Sub-Fund may subsequently fall. This usually leads to a decrease in the price of the asset greater than that caused by general market fluctuations.

### Currency Risk

If a Sub-Fund directly or indirectly holds assets denominated in foreign currencies, it is exposed to a currency risk if foreign currency positions have not been hedged. Any devaluation of the foreign currency against the Base Currency of the Sub-Fund would cause the value of the assets denominated in the foreign currency to fall.

### Custodial Risk

Custodial risk is the risk arising from the possibility that a Sub-Fund could be denied access, in whole or in part, to investments held in custody in the event of bankruptcy, negligence, wilful misconduct or fraudulent activity on the part of the depository or sub-custodian. The Custodial Risk may apply to assets as well as to collateral.

### Dilution and Swing Pricing Risk

The actual cost of purchasing or selling the underlying assets of a Sub-Fund may be different from the carrying value of these assets in the Sub-Fund's valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying assets. These dilution costs can have an adverse effect on the overall value of a Sub-Fund and thus the Net Asset Value per Share may be adjusted in order to avoid

disadvantaging the value of investments for existing Shareholders. The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Sub-Fund.

#### **Emerging Markets Risks**

Investing in Emerging Markets means investing in countries not classified by the World Bank as “high gross national income per capita” (i.e. not “developed”). In addition to the specific risks of the particular investment class, investments in these countries are subject to greater liquidity risk and general market risk. Additionally, increased risks may arise in connection with the settlement of transactions in securities in these countries, especially as it may not be general practice or may not even be possible to deliver securities directly when payment is made in such countries. In addition, the legal and regulatory environment, as well as the accounting, auditing and reporting standards there may deviate substantially to the detriment of the investors from the levels and standards that are considered standard international practice. Increased custodial risk in such countries may also arise, which may, in particular, also result from differing disposal methods for acquired assets.

#### **General Market Risk**

To the extent that a Sub-Fund invests directly or indirectly in securities or other assets, it is exposed to various general trends and tendencies in the economic situation as well as in the markets, especially in the securities markets, which are partially attributable to irrational factors. Such factors could lead to substantial and longer-lasting drops in prices affecting the entire market. Securities from top-rated issuers are subject to essentially the same general market risk as other securities and assets.

#### **Industry Risk**

If a Sub-Fund focuses its investments on certain industries, this may reduce risk diversification. Consequently, the Sub-Fund is particularly dependent both on the general development and the development of corporate profits of individual industries or industries that influence each other.

#### **Inflation Risk**

Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in a Sub-Fund as well as the intrinsic value of the investment. Different currencies are subject to different levels of inflation risk.

#### **Key Personnel Risk**

Sub-Funds that achieve very positive results in a certain period of time owe this success to the aptitude of the traders and thus to the correct decisions of their management. However, the staffing at a fund may change. New decision makers may have less success in managing assets.

#### **Legal Risk**

Legal risks can bear the risk of loss because of the unexpected application of a law or regulation or because a contract cannot be enforced. In case of collateralized transactions, there is the risk that the relevant insolvency law may impose a stay that prevents the collateral taker from liquidating the collateral, even if the collateral arrangement has been set up correctly.

#### **Liquidity Risk**

Even relatively small orders for purchases or sales of illiquid securities (securities that cannot be sold readily) in particular can lead to significant price changes. If an asset is not liquid, there is the risk that the asset cannot be sold or can only be sold at a significant discount to the purchase price. The lack of liquidity of an asset may cause its purchase price to increase significantly.

#### **Operational Risk**

The Company may be exposed to a risk of loss which can arise, for example, from inadequate internal processes and from human error of system failure at the Company, at the Management Company, at the Investment Manager, at the Custodian or at external third parties. These risks can affect the performance of a Subfund, can thus also adversely affect the net asset value per share and the capital invested by the shareholder.

#### **Performance Risk**

It cannot be guaranteed that the investment objectives of a Sub-Fund or the investment performance desired by the investor will be achieved. The Net Asset Value per Share may also fluctuate, and in particular, may fall, causing investors to

incur losses, especially in consideration of risks that individual assets acquired at the Sub-Fund level are subject to in general and the risks that are entered into in the selection of individual assets. Investors assume the risk of receiving a lesser amount than they originally invested. No guarantees are issued by the Company or third parties regarding a certain investment outcome for the Sub-Funds unless there is an explicit guarantee in the respective information sheet of the Sub-Fund in question.

#### **Risk Associated with the Receipt of Collateral**

The Company may receive collateral e.g. for OTC derivatives. Derivatives may increase in value. Therefore, collateral received may no longer be sufficient to fully cover the Company's claim for delivery or redemption of collateral against a counterparty. The Company may deposit cash collateral in blocked accounts or invest it in high quality government bonds or in money market funds with a short-term maturity structure. Though, the credit institution that safe keeps the deposits may default; the performance of government bonds and money market funds may be negative. Upon completion of the transaction, the collateral deposited or invested may no longer be available to the full extent, although the Company is obligated to redeem the collateral at the amount initially granted. Therefore, the Company may be obliged to increase the collateral to the amount granted and thus compensate the losses incurred by the deposit or investment of collateral.

#### **Risk Associated with Collateral Management**

Collateral management requires the use of systems and certain process definitions. Failure of processes as well as human or system errors at the level of the Company, the Management Company or third-parties in relation to collateral management could entail the risk that assets, serving as collateral, lose value and are no longer sufficient to fully cover the Company's claim for delivery or transfer back of collateral against a counterparty.

#### **Risk of Changes in Underlying Conditions**

Over time, the underlying conditions (e.g. economic, legal or tax) within which an investment is made may change. This could have a negative effect on the investment and on the treatment of the investment by the investor.

#### **Risk of taxation or other charges as a result of local provisions related to the assets held by the (Sub-)Fund**

As a result of local provisions, assets held by the (Sub-)Fund may be subject now or in the future to taxes, fees, charges and other retentions. This applies in particular to revenues or gains from the sale, redemption or restructuring of the (Sub-) Fund's assets, cashflow-free restructuring of the (Sub-)Fund's assets, changes related to settlement and dividends, interest and other income received by the (Sub-)Fund. Certain taxes or charges, for example all charges collected under the FATCA, may be collected in the form of a withholding tax or a retention when paying out or forwarding payments.

#### **Risk of Changes to the Articles of Incorporation, to the Investment Policy and to the other Basic Aspects of a (Sub-)Fund**

The attention of the Shareholder is drawn to the fact that the Articles of Incorporation, the investment policy of a (sub-) fund and the other basic aspects of a (sub-)fund may be changed whenever permitted. In particular, a change to the investment policy within the range of investments permitted for Directive-compliant (sub-)funds may change the content of the risk associated with the respective (sub-)fund.

#### **Risk of Interest being charged on Deposits**

The Company invests the liquid asset of the Sub-Funds at the Depository or other banks for account of the Sub-Funds. Depending on the market development, in particular the development of the interest policy of the European Central Bank, short-, medium- and long-term bank deposits may have negative interest rates which will be charged to the Sub-Funds. Such interest charges may adversely impact the net asset value of the Sub-Funds.

#### **Risk of Interest Rate Changes**

To the extent that a Sub-Fund invests directly or indirectly in Interest-bearing securities, it is exposed to interest-rate risk. If market interest rates rise, the value of the Interest-bearing assets held by the Sub-Fund may decline substantially. This applies to an even greater degree if a Sub-Fund also holds Interest-bearing securities with a longer time to maturity and a lower nominal interest rate.

#### **Risk of Restricted Flexibility**

The redemption of Sub-Fund Shares may be subject to restrictions. If redemption of Shares is suspended or delayed, investors cannot redeem their Shares and are compelled to remain invested in the Sub-Fund for a longer period of time than originally intended or desired, and their investments continue to be subject to the risks inherent to the Sub-Fund. If a Sub-Fund or a Share Class is dissolved or if the Company exercises the right to force redemption of Shares, investors no longer have the opportunity to remain invested. The same applies if the Sub-Fund or Share Class held by the investors

merges with another fund, Sub-Fund or Share Class, in which case the investors automatically become holders of shares in another fund, Sub-Fund or Share Class. The sales charge levied when Shares are acquired could reduce or even eliminate any gains on an investment, particularly if the investment is held for only a short period of time. If Shares are redeemed in order to invest the proceeds in another type of investment, investors may, in addition to the costs already incurred (e.g. sales charge for the purchase of Shares), incur other costs, such as a redemption fee for the Sub-Fund held or extra sales charges for the purchase of other shares. These events and circumstances could result in investor losses.

#### **Risk of Settlement Default**

The issuer of a security directly or indirectly held by a Sub-Fund or the debtor of a claim belonging to a Sub-Fund may become insolvent. This could cause those assets of the Sub-Fund becoming economically worthless.

#### **Risk of the Liabilities of Individual Share Classes affecting other Share Classes**

Share classes of a Sub-Fund are not treated as separate entities for purposes of liability law. In relation to third parties, the assets allocated to a certain Share Class are not liable for just the debts and liabilities that can be allocated to that Share Class. If the assets of a certain Share Class should not be sufficient to cover the liabilities (e.g. for any existing currency-hedged unit classes, liabilities arising from the unit class specific currency hedging transactions) that can be allocated to this Share Class, those liabilities may have the effect of reducing the value of other Share Classes of the same Sub-Fund.

#### **Risk of Transaction Costs at the (Sub-)Fund Level arising from Share Movements**

The issue of Shares may lead, at a (sub-)fund level, to the investment of the cash inflow; redemptions of Shares may lead, at a (sub-)fund level, to the disposal of investments to achieve liquidity. Such transactions give rise to costs that could have a substantial negative effect on the performance of the (sub-)fund if Shares issued and redeemed on a single day do not approximately offset one another.

#### **Settlement Risk**

Particularly when investing in unlisted securities, there is the risk that the settlement will not be executed as expected by a transfer system owing to a delayed payment or delivery or payment not being made in accordance with the agreement.

#### **Sustainability Risk**

means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. There is systematic research evidence that sustainability risks may materialize as issuer specific extreme loss-risks. Such issuer specific sustainability risk events typically happen with low frequency and probability but may have high financial impact and may lead to significant financial loss. Sustainability Risks may have the potential to influence the investment performance of portfolios negatively. Allianz Global Investors considers Sustainability Risks to be potential drivers of financial risk factors in investments such as market price risk, credit risk, liquidity risk and operational risk.

#### **China Investment Risk**

##### FII Risk

A Sub-Fund may invest in securities and investments permitted to be held or made by FII under the relevant FII Regulations through institutions that have obtained FII status in China. In addition to the general investment and equity related risks of investments including in particular the Emerging Markets risks, the following risks should be emphasised:

##### Regulatory Risks

The FII regime is governed by FII Regulations. Certain parts of the Allianz Global Investors Group meet the relevant prescribed eligibility requirements under the FII Regulations and have been granted or might be granted a FII license. FII Regulations may be amended from time to time. It is not possible to predict how such changes would affect the relevant Sub-Fund.

Rules on investment restrictions and rules on repatriation of principal and profits, imposed by the Chinese government on the FII may be applicable to the latter as a whole and not only to the investments made by the relevant Sub-Fund and may have an adverse effect on the Sub-Fund's liquidity and performance.

##### FII Investments Risks

Investors should be aware that there can be no assurance that a FII will continue to maintain its FII status and/or that redemption requests can be processed in a timely manner due to changes in FII Regulations. Therefore, a Sub-Fund may no longer be able to invest directly in the PRC or may be required to dispose of its investments in the PRC domestic securities market held by the FII, which could have an adverse effect on its performance or result in a significant loss.

Regulatory sanctions may be imposed on the FII if the FII itself or the local custodian breach any provision of the relevant rules and regulations.

Such restriction may result in a rejection of applications or a suspension of dealings of the Sub-Fund. Should the FII lose its FII status or retire or be removed, the relevant Sub-Fund may not be able to invest in FII Eligible Securities, and the relevant Sub-Fund may be required to dispose of its holdings, which would likely have a material adverse effect on the Sub-Fund.

#### Limits on Redemption

A Sub-Fund may be impacted by the rules and restrictions under the FII regime (including investment restrictions, limitations on foreign ownership or holdings), which may have an adverse impact on its performance and/or its liquidity. Currently, no regulatory prior approval is required for repatriation of funds from the FII. However, the FII Regulations are subject to uncertainty in their application and there is no certainty that no other regulatory restrictions will apply or that repatriation restrictions will be imposed in the future. Although the relevant FII Regulations have recently been revised to relax regulatory restrictions on the onshore capital management by FIIs (including removing investment quota limit and simplifying process for repatriation of investment proceeds), it is a very new development therefore subject to uncertainties as to how well it will be implemented in practice, especially at the early stage.

Any restrictions on repatriation of the invested capital and net profits may impact on the relevant Sub-Fund's ability to meet redemption requests from the Shareholders. In extreme circumstances, the relevant Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to FII investment restrictions, illiquidity of the PRC's securities market, and delay or disruption in execution of trades or in settlement of trades.

#### PRC Depository Risks under the FII regime

Where a Sub-Fund invests in fixed income securities and/or eligible securities through the FII, such securities will be maintained by a local custodian pursuant to PRC regulations through appropriate securities accounts and such other relevant depositories in such name as may be permitted or required in accordance with PRC law.

The Sub-Fund may incur losses due to the acts or omissions of the PRC Depository in the execution or settlement of any transaction.

The Depository will make arrangements to ensure that the relevant PRC Depository has appropriate procedures to properly safe-keep the assets of the relevant Sub-Fund. The securities accounts are to be maintained and recorded in the joint name of the FII and the relevant Sub-Fund and segregated from the other assets of the same local custodian. However, the FII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Any securities acquired by the relevant Sub-Fund held by the FII will be maintained by the PRC Depository and should be registered in the joint names of the FII and the Sub-Fund and for the sole benefit and use of such Sub-Fund. Providing that the FII will be the party entitled to the securities, the related security may be vulnerable to a claim by a liquidator of the FII and may not be as well protected as if they were registered solely in the name of the respective Sub-Fund.

In addition, investors should note that cash deposited in the cash account of the relevant Sub-Fund with the relevant local custodian will not be segregated but will be a debt owing from the local custodian to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of that local custodian. In the event of bankruptcy or liquidation of the local custodian, the relevant Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the relevant Sub-Fund will become an unsecured creditor, ranking equal with all other unsecured creditors, of the local custodian. The relevant Sub-Fund may face difficulty and/or encounter delays in recovering such debt or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

#### PRC Broker Risks under the FII regime

The execution and settlement of transactions may be conducted by PRC Brokers appointed by the FII, as the case may be. There is a risk that a Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the PRC Brokers. In such event, the Sub-Fund may be adversely affected in the execution or settlement of any transaction.

In selection of PRC Brokers, the FII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the FII, as the case may be, consider appropriate and if under market or operational constraints, it is possible that a single PRC Broker will be appointed, and the Sub-Fund may not necessarily pay the lowest commission or spread available in the market at the relevant time.

#### PRC Tax Provision Risk

If no or inadequate provision for potential withholding tax is made and, in the event, that the PRC tax authorities enforce the imposition of such withholding tax, the Net Asset Value of the relevant Sub-Funds may be adversely affected. For any withholding tax made in respect of trading of PRC securities, it may reduce the income from, and/or adversely affect the performance of, the relevant Sub-Fund. With respect to CIBM, the amount withheld (if any) will be retained by the Investment Manager for the account of the relevant Sub-Fund until the position with regard to PRC taxation in respect of gains and profits from trading via the CIBM has been clarified. In the event that such position is clarified to the advantage of the relevant Sub-Fund, the Company may rebate all or part of the withheld amount to the Sub-Fund. The withheld amount (if any) so rebated shall be retained by the Sub-Fund and reflected in the value of its Shares. Notwithstanding the foregoing, no Shareholder who redeemed his/her Shares before the rebate of any withheld amounts shall be entitled to claim any part of such rebate.

It should also be noted that the actual applicable tax imposed by the PRC tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. Any increased tax liabilities on a Sub-Fund may adversely affect the Sub-Fund's value. As such, any provision for taxation made by the Investment Manager for the account of the relevant Sub-Fund may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Shareholders of the relevant Sub-Fund may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in/from the relevant Sub-Fund.

If the actual applicable tax levied by the PRC tax authorities is higher than that provided for by the Investment Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the tax provision amount as that Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Shareholders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by the PRC tax authorities is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Shareholders who have redeemed Shares in the relevant Sub-Fund before the PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager's over-provision. In this case, the then existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax amount can be returned to the account of the Sub-Fund as assets thereof.

Investors should seek their own tax advice on their own tax position with regard to their investment in the relevant Sub-Fund.

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than is currently contemplated.

#### RMB Risk

Investors should be aware that the RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, RMB is traded in PRC ("CNY") and outside PRC ("CNH"). RMB traded in PRC, CNY, is not freely convertible and is subject to exchange control policies and restrictions imposed by the PRC authorities. On the other hand, the RMB traded outside the PRC, CNH, is freely tradeable but still subject to controls, limits and availability. In general, the respective daily exchange rate of the RMB against other currencies is allowed to float within a range above or below the central parity rates published by the People's Bank of China ("PBOC") each day. Its exchange rate against other currencies, including e.g. USD or HKD, is therefore susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely.

While CNY and CNH represent the same currency, they are traded on different and separate markets which operate independently. As such, the value of CNH could differ, perhaps significantly, from that of CNY and the exchange rate of CNH and CNY may not move in the same direction due to a number of factors including, without limitation, the foreign exchange control policies and repatriation restrictions pursued by the PRC government from time-to-time, as well as other external market forces.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

There is no assurance that RMB will not be subject to devaluation, in which case the value of investors' investments in RMB assets will be adversely affected.

Currently, the PRC government imposes certain restrictions on repatriation of RMB out of the PRC. Investors should note that such restrictions may limit the depth of the RMB market available outside of the PRC and thereby, may reduce the liquidity of the Sub-Fund.

The PRC government's policies on exchange controls and repatriation restrictions are subject to change, and the Sub-Fund's and its investors' position may be adversely affected by such change.

With regard to Share Classes denominated in RMB investors, who invest in such Share Classes, should pay particular attention to this risk warning.

#### Bond Connect

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" issued by the People's Bank of China ("PBOC") on 21 June 2017,

(ii) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" issued by the Shanghai Head Office of PBOC on 22 June 2017; and

(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect ("Northbound Trading Link"). There will be no investment quota for Northbound Trading Link. Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Central Depository & Clearing Co., Ltd and/or the Shanghai Clearing House). All debt securities traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such debt securities as a nominee owner.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the China Interbank Bond Market, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the respective Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the China Interbank Bond Market via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, the Sub-Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. A Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Sub-Fund invests in the China Interbank Bond Market through Bond Connect, such Sub-Fund may be subject to risks of delays inherent in the order placing and/or settlement systems.

#### China Interbank Bond Market

##### Overview

Participation in CIBM by foreign institutional investors (where such is mentioned in the investment restrictions of the relevant Sub-Fund) via a foreign access regime (e.g. FII program, CIBM Initiative and/or Bond Connect) is governed by rules and regulations as promulgated by the Mainland Chinese authorities, i.e., the PBOC and the State Administration of Foreign Exchange ("SAFE"). Such rules and regulations may be amended from time to time and include (but are not limited to):

- (i) the "Announcement (2016) No 3" issued by the PBOC on 17 February 2016;
- (ii) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" issued by the Shanghai Head Office of PBOC on 27 May 2016;
- (iii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" issued by SAFE on 27 May 2016; and
- (iv) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in the PRC, foreign institutional investors who wish to invest directly in CIBM via CIBM Initiative may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

In terms of fund remittance and repatriation, foreign investors (such as the Company) may remit investment principal in RMB or foreign currency into the PRC for investing in the CIBM. An investor needs to file relevant information about its investments with the Shanghai Head Office of PBOC through the onshore settlement agent and an updated filing may be required if there is any significant change to the filed information. Where the Company repatriates funds out of the PRC, the ratio of RMB to foreign currency ("Currency Ratio") should generally match the original Currency Ratio when the investment principal was remitted into the PRC, with a maximum permissible deviation of 10%.

##### Taxation Risk

According to Circular 108, the foreign institutional investors are temporarily exempt from PRC CIT and VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. However, there is no guarantee that such temporary tax exemption will continue to apply, will not be repealed and re-imposed retrospectively, or that no new tax regulations and practice in China specifically relating to the PRC bond market



will not be promulgated in the future. For further details on PRC taxation, please refer to sub-section "PRC Taxation" under the section titled "Taxation".

#### Risks Associated with China Interbank Bond Market

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and a Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that a Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Since the relevant filings and account opening for investment in the CIBM via CIBM Initiative have to be carried out via the onshore settlement agent, the relevant Sub-Fund is subject to the risks of default or errors on the part of the onshore settlement agent.

Investing in the CIBM via a foreign access regime (e.g. FII program, CIBM Initiative and/or Bond Connect) is also subject to regulatory risks. The relevant rules and regulations on investment in the CIBM is subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the CIBM, a Sub-Fund's ability to invest in the CIBM will be limited and, after exhausting other trading alternatives, the Sub-Fund may suffer substantial losses as a result.

#### Credit Rating Agency Risk

The credit appraisal system in the PRC and the rating methodologies employed in the PRC may be different from those employed in other markets. Credit ratings given by PRC rating agencies may therefore not be directly comparable with those given by other international rating agencies.

#### RMB Debt Securities Risk

Investors should be aware that the availability of RMB-denominated Debt Securities issued or distributed outside PRC is currently limited and therefore is more susceptible to volatility and illiquidity. The operation of the RMB-denominated Debt Securities market as well as new issuances could be disrupted, causing a fall in the NAV of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalization of the CNH market by the relevant regulators.

If there are insufficient RMB-denominated Debt Securities for a Sub-Fund to invest in, the Sub-Fund may hold a significant portion of assets in RMB deposit accounts and/or RMB-denominated certificates of deposit issued by financial institutions. These circumstances may have an adverse impact on the performance of such Sub-Fund.

For RMB-denominated Debt Securities issued, listed or traded outside PRC (e.g. on the Central Moneymarkets Unit in Hong Kong), market depth may be limited, potentially resulting in reduced liquidity or even partial illiquidity of such securities. The Sub-Fund may suffer loss in trading such securities, in particular in circumstances where the Sub-Fund may have to liquidate such investments at a discount in order to meet redemption requests. The Sub-Fund may not be able to sell the securities at the time desired.

In addition, the bid and offer spread of the price of RMB-denominated Debt Securities may be large. Therefore, the Sub-Fund may incur significant trading and realisation costs and may suffer significant losses when selling such investments.

Investments in RMB-denominated Debt Securities are also subject to the general risks of investing in bonds, including, but not limited to interest-rate risks, creditworthiness risk, company specific risk, general market risk, risk of default and counterparty risk.

RMB-denominated Debt Securities are typically unsecured debt obligations and are not supported by any collateral. Investments in such securities will expose the relevant Sub-Fund to the credit/insolvency risk of its counterparties as an

unsecured creditor. RMB-denominated Debt Securities may be unrated. In general, debt instruments that have a lower credit rating or that are unrated may be more susceptible to the credit risk of the issuer.

Investments in Debt Securities issued by companies or bodies established within PRC may be affected by PRC tax policies. Current tax laws and regulations may also be amended or revised at any point in time and without prior notice to investors. Such amendments and revisions may also take effect on a retrospective basis, with a potentially adverse impact on such investments.

Certain Sub-funds invest in the onshore Debt Securities which may be traded on the Shanghai or Shenzhen Stock Exchange or on the interbank bond markets. Investors should note that the securities markets in PRC generally and the onshore bond markets in particular are both at a developing stage and the market capitalisation and trading volume may be lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low trading volumes in PRC's debt markets may result in prices of securities traded on such markets fluctuating significantly and may result in substantial volatility in the Net Asset Value of the Sub-Fund. The bid and offer spreads of the prices of the Mainland Chinese Debt Securities may be large, so significant trading and realization costs may be incurred. The national regulatory and legal framework for capital markets and debt instruments in PRC are still developing when compared with those of developed countries. Currently, PRC entities are undergoing reform with the intention of increasing liquidity of debt instruments. However, the effects of any development or reform on the PRC debt markets remain to be seen. The PRC bond markets are also subject to regulatory risks.

Debt Securities may only be bought from, or sold to, the Sub-Fund from time to time where the relevant Debt Securities may be sold or purchased on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the CIBM, as appropriate. Given that the bond markets are considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the subscription and redemption of Sub-Fund's units may also be disrupted.

#### **Specific Risks of Investing in High-Yield Investments**

High-yield investments are Debt Securities that are either rated non-investment grade by a recognised rating agency or are not rated at all, but that would presumably receive a rating of non-investment grade if they were to be rated. In particular, such investments are normally associated with an increased degree of creditworthiness risk, risk of interest rate changes, general market risk, company-specific risk and liquidity risk than higher rated, lower yielding securities. Such increased risk may have an adverse impact on the Sub-Fund and/or the investors.

#### **Specific Risks of Sector and Theme Funds**

Sector and theme funds have a limited investment universe which results in limited risk diversification compared to broadly investing funds. The more specific the respective sector and/or theme is the more limited the investment universe and the more limited the risk diversification might be. A limited risk diversification can increase the impact of the development of individual securities acquired for the respective fund. In addition, sector and theme funds may acquire Equities of companies which are also related to other sectors and/or themes in case of companies being active in various sectors and/or themes. This may include Equities of companies which are – at the time of acquisition – only related to a minor part to the respective sector and/or theme if such companies - pursuant to the portfolio manager's discretionary assessment – will likely materially increase the importance of such segment of their business activities. This may result in deviations of the performance of the respective fund compared to the performance of financial indices reflecting the respective sector and/or theme.

#### **Specific Risks of Investing in Target Funds**

If a Sub-Fund uses other funds (target funds) as an investment vehicle for its assets by acquiring shares in such other funds, it assumes, in addition to the risks generally associated with investment policies of the other funds, the risks that result from the structure of the "fund" vehicle. As a result it is itself subject to the fund capital risk, the settlement risk, the risk of restricted flexibility, the risk of changes to underlying conditions, the risk of changes to terms and conditions, the investment policy and other basic aspects of a fund, the key personnel risk, the risk of transaction costs at the fund level arising from share movements and, in general, the performance risk. If the investment policy of a target fund makes use of investment strategies that are oriented toward rising markets, the corresponding positions should generally have a positive effect on target fund assets when markets are rising and a negative effect when markets are falling. If the investment policy of a target fund makes use of investment strategies that are oriented toward falling markets, the corresponding positions should generally have a positive effect on target fund assets when markets are falling and a negative effect when markets are rising.

The target fund managers of different funds operate independently of one another. This may lead to several target funds assuming opportunities and risks in the same or related markets or assets, which concentrates the opportunities and risks of the Sub-Fund holding these target funds on the same or related markets or assets. It could also have the effect of cancelling out the economic opportunities and risks assumed by the different target funds.

If a Sub-Fund invests in target funds, costs are regularly incurred both at the level of the Sub-Fund making the investment and at the level of the target funds, in particular management fees (fixed and/or performance related), depositary fees and other costs; these result in increased charges to the investors in the Sub-Fund making the investment.

#### **(Sub-)Fund Capital Risk**

Because of the risks described here to which the valuation of the assets held in the (sub-)fund/Share Class is subject, there is the risk that the (sub-)fund capital or the capital that can be allocated to a Share Class will decrease. Excessive redemption of Sub-Fund Shares or an excessive distribution of returns on investments could have the same effect. A reduction in the capital of the (sub-)fund or the capital that can be allocated to a Share Class could make the management of the fund, a Sub-Fund or a Share Class unprofitable, which could lead to the liquidation of the fund, a Sub-Fund or a Share Class and to investor losses.

#### **Specific Risk of a Sub-Fund applying a specific ESG Investment Strategy**

Sub-Funds which follow a specific ESG Investment Strategy as mentioned in Part 4 ("Introduction") (the "ESG Investment Strategy") apply either minimum exclusion criteria and/or certain (internal/external) rating assessments which may adversely affect a Sub-Fund's investment performance. A Sub-Fund's investment performance might be impacted and/or influenced by a Sustainability Risk since the execution of an ESG Investment Strategy may result in foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their characteristics when it might be disadvantageous to do so. Sub-Funds which apply an ESG Investment Strategy may use one or more different third-party research data providers and/or internal analyses, and the way in which different Sub-Funds will apply certain criteria may vary. In assessing the eligibility of an issuer based on research, there is a dependence upon information and data from third party research data providers and internal analyses, which may be subjective, incomplete, inaccurate, or unavailable. As a result, there is a risk to assess a security or issuer incorrectly or subjectively. There is also a risk that a Sub-Fund's Investment Manager may not apply the relevant criteria resulting out of the research correctly or that a Sub-Fund which follows an ESG Investment Strategy could have indirect exposure to issuers who do not meet the relevant criteria of the respective ESG Investment Strategy. There is a lack of standardized taxonomy of Sustainable Investments.

In addition, Sub-Funds which follow a specific ESG Investment Strategy focus on Sustainable Investments and have a limited / reduced investment universe which results in limited risk diversification compared to broadly investing funds. The more specific the respective sector and/or theme a Sub-Fund intends to invest in is (e.g., SDGs or other comparable societal goals) the more limited the Sub-Fund's investment universe and the more limited the risk diversification might be. A limited risk diversification can increase the impact of the development of individual securities acquired for the respective Sub-Fund. The Sub-Fund is likely to be more volatile than a fund that has a more diversified investment strategy. It may be more susceptible to fluctuations in value resulting from the impact of adverse conditions on these investments. In addition, Sub-Funds which apply a specific ESG Investment Strategy may – subject to the respective ESG Investment Strategy - acquire Equities of companies which are also related to other sectors and/or themes in case of companies being active in various sectors and/or themes. This may include Equities of companies which are – at the time of acquisition – only related to a minor part to the respective SDGs or to the respective comparable societal goal if such companies - pursuant to the portfolio manager's discretionary assessment – will likely materially increase the importance of such segment of their business activities. This may result in deviations of the performance of the respective fund compared to the performance of financial indices reflecting the respective SDG or the respective comparable societal goal. This may have an adverse impact on the performance of the Sub-Fund and consequently adversely affect an investor's investment in the Sub-Fund.

The securities held by the Sub-Fund may be subject to style drift which no longer meet the Sub-Fund's investment criteria after the Sub-Fund's investments. The Management Company or Investment Manager might need to dispose of such securities when it might be disadvantageous to do so. This may lead to a reduction in the Sub-Fund's Net Asset Value.

#### **Risk of Change to Announced Bases of Taxation for Investors Subject to Taxes in the Federal Republic of Germany**

A change to incorrectly announced bases of taxation in relation to the Fund for previous financial years may have as a consequence, in the case of a correction that has tax disadvantages for the investor, that the investor is responsible for the tax burden arising from the correction for previous financial years, although he might not have been invested in the Fund at that time. Similarly, the consequence may also arise for the investor that a correction that has tax advantages for the

current and for previous financial years in which he was invested in the fund may not benefit him because he redeemed or sold his Shares before the correction in question was implemented. In addition, a correction of tax information may result in income that is subject to taxation or tax advantages actually being assessed in a different tax assessment period from the appropriate period, and this could have a negative impact on the individual investor. In addition, a correction of the tax information may have as a result that the tax measurement basis for an investor corresponds to or even exceeds the performance of the Fund. There may be changes in announced bases of taxation in particular when the German tax authorities or tax jurisdictions have different interpretations of the relevant tax regulations.

## Part 3: Conflicts of Interest

The Company, the Management Company, the Depositary, the Registrar Agent and any of the Investment Managers, Investment Advisors, Paying and Information Agent or Distributors may each from time to time act as manager, trustee, investment manager, administrator, registrar agent or distributor respectively in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interests with the Sub-Funds. Each will, at all times, have regard in such event to its obligations under the management agreement, UCI administration agreement, depositary agreement, paying and information agreement, any investment management agreement, any registrar agent agreement and any distribution agreement respectively and will endeavour to ensure that such conflicts of interest are resolved fairly. The Management Company has adopted a policy designed to ensure that in all transactions a reasonable effort is made to avoid conflicts of interest and, when they cannot be avoided, such conflicts are managed such that the Funds and their Shareholders are fairly treated.

In addition, any of the foregoing may deal, as principal or agent, with the Sub-Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis and in the best interests of Shareholders.

Dealings will be deemed to have been effected on normal commercial terms if: (1) a certified valuation of a transaction by a person approved by the Depositary as independent and competent is obtained; (2) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of such exchange; or (3), where (1) and (2) are not practical, the transaction is executed on terms which the Depositary is satisfied are normal commercial terms negotiated at arm's length.

Conflicts of interest may arise as a result of transactions in derivatives, OTC derivatives and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Management Company, any Investment Manager or Investment Advisor or the Depositary. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such entities is subject to a valuation or haircut applied by a related party.

The Management Company has adopted a policy designed to ensure that its service providers act in the Sub-Funds' best interests when executing decisions to deal and placing orders to deal on behalf of those Sub-Funds in the context of managing the Funds' portfolios. For these purposes, all reasonable steps must be taken to obtain the best possible result for the Funds, taking into account price, costs, speed, likelihood of execution, order size and nature, research services provided by the broker to the Investment Manager or Investment Advisor, or any other consideration relevant to the execution of the order. Information about the Management Company's execution policy and any material change to the policy are available to Shareholders at no charge upon request.

## Part 4: Sub-Funds

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	<b>Investment Management performed by Management Company<sup>1)</sup></b>
Allianz European Micro Cap	AllianzGI Germany (Headquarter)
Allianz Global Bond Fund	AllianzGI UK Limited

Allianz European Micro Cap	AllianzGI Germany (Headquarter)
Allianz Global Bond Fund	AllianzGI UK Limited

<sup>1)</sup> Information on the branches is listed in the Directory. If the Management Company has delegated his duties to one or more sub-investment manager(s) the name(s) of the respective sub-investment manager(s) shall be mentioned in the information sheet of the respective Sub-Fund.

# Introduction

The investment objectives and investment principles are defined in the information sheets of the individual Sub-Funds, including Appendices 1 and 2.

The investments of a Sub-Fund may basically consist of such assets as are listed in Appendix 1, whereby there may also be an additional restriction in the information sheets of the respective Sub-Funds.

The investment restrictions for Sub-Funds may also be found in Appendix 1. There may also be additional restrictions in the information sheets of the respective Sub-Funds, or – if permitted by law – there may be exceptions to the investment restrictions set forth in Appendix 1. In addition, the ability of a Sub-Fund to borrow is limited in accordance with Appendix 1.

The Sub-Funds may use techniques and instruments in accordance with Appendix 1 and 2.

The Investment Manager orients the composition of each Sub-Fund under management depending on its assessment of the market situation and taking into consideration the respective investment objectives and policies, which may result in the complete or partial reorientation of the composition of a Sub-Fund. For this reason, it is possible that such adjustments may be made even frequently.

The assets of the Sub-Funds are invested according to the principle of risk diversification. The portfolio of each Sub-Fund will comprise eligible assets which have been selected following a thorough analysis of the information available to the Investment Manager and subject to a careful evaluation of the risks and opportunities. The performance of the Shares of the Sub-Funds, however, remain dependent on price changes in the markets. Therefore, no guarantee can be given that the investment objectives of the Sub-Funds will be achieved, unless an explicit guarantee to this effect is made in the information sheet of a Sub-Fund.

For purposes of efficient portfolio management, the Board of Directors of the Management Company may permit co-management of assets of certain (sub-)funds managed by the Management Company within the Company and/or other undertakings for collective investment of the Management Company under Luxembourg law. In such event, assets of the various (sub-)funds with the same Depositary will be managed jointly. The assets under co-management are referred to as a “pool”, whereby such pools are, however, exclusively used for internal management purposes. The pools are not separate entities and are not directly accessible to investors. To each of the co-managed (sub-)funds shall be allocated its relevant specific assets.

When combining assets from more than one (sub-)fund in a pool, the assets attributable to each participating (sub-)fund are initially determined by applying the original allocation of assets of that (sub-)fund to the said pool. The assets change if the (sub-)fund adds or removes assets from the pool.

The entitlement of each participating (sub-)fund to the co-managed assets applies with regard to each individual asset of such a pool.

A Sub-Fund's Investment Manager may apply or follow a specific investment strategy which generally does promote a broad range of environmental, human rights, governance, and/or business behavior characteristics (the last characteristic does not apply for sovereigns issued by a sovereign entity) (the “ESG Investment Strategy”).

In addition, a specific ESG Investment Strategy may also be used for Sub-Funds which have a sustainable investment as their objective and an index has been designated as a reference benchmark.

If a specific ESG Investment Strategy is applied as part of a Sub-Fund's portfolio management approach, certain minimum exclusion criteria are simultaneously applied by the Sub-Fund's Investment Manager.

**The scope, the details, and the relevant requirements (including, but not limited to the applicable exclusion criteria) of the specific ESG Investment Strategy as applied by a Sub-Fund's Investment Manager which is either carried out in accordance with Article 8 or with Article 9 SFDR are described in a Sub-Fund's pre-contractual templates which might be found in the attachment to this Prospectus.**

**In addition, a Sub-Fund's pre-contractual template details the content of the disclosures required under the SFDR, including any taxonomy-related information needed for sub-funds pursuant to Article 8 and Article 9 SFDR.**

Insofar as the use of derivatives is involved in the application of a specific ESG Investment Strategy, Appendix 2 and the notes in the Prospectus under "Use of Techniques and Instruments" fully applies. This includes transactions with derivatives for efficient portfolio management (including hedging) and/or investment purposes.

If a Sub-Fund's Investment Manager applies a specific ESG Investment Strategy and does manage the Sub-Fund in reference to a Benchmark, such Benchmark is not consistent with the environmental or social characteristics promoted by the Sub-Fund or aligned with the Sub-Fund's sustainable Investment Objective, unless specified in a Sub-Fund's individual pre-contractual template. For such case a Sub-Fund's individual pre-contractual template explains to what extent the Benchmark is consistent with the environmental or social characteristics promoted by the Sub-Fund or is aligned with the Sub-Fund's sustainable Investment Objective.

Additional investments made on behalf of the co-managed (sub-)funds are allocated to such (sub-)funds according to their respective entitlements. Sold assets are charged similarly against the assets attributable to each participating (sub-) fund.

**Investors assume the risk of receiving a lesser amount than they originally invested. In so far as there are no other relevant provisions contained in the information sheets, the following shall apply to all Sub-Funds:**

## 1) Sub-Fund Investments in other Funds

Should the investment policy of the Sub-Funds provide for investments in other funds, the following shall apply:

Equity funds in which investments are made may either be broadly diversified equity funds or funds specialising in particular countries, regions or sectors. Any UCITS or UCI is an equity fund if its risk profile typically correlates with that of one or more equity markets.

Bond funds in which investments are made may either be broadly diversified bond funds or funds specialising in particular countries, regions or sectors, or oriented towards specific maturities or currencies. Any UCITS or UCI is a bond fund if its risk profile typically correlates with that of one or more bond markets.

Money-market funds in which investments are made may either be broadly diversified money-market funds or money-market funds focused on specific groups of issuers or oriented towards specific maturities or currencies. Any UCITS or UCI is a money-market fund as defined above if its risk profile correlates with that of one or more money markets. Any UCITS or UCI is a EUR money-market fund if its risk profile typically correlates with that of one or more EUR money markets. Any UCITS or UCI is an OECD money-market fund if its risk profile correlates with that of one or more OECD money markets.

In so far as the Sub-Fund investment policy contains no provisions to the contrary, in principle shares may only be acquired in funds that are managed, directly or indirectly, by the Management Company itself or by any other company with which the Management Company is linked by a substantial direct or indirect participation. Shares in other funds may be acquired on an exceptional basis only when none of the above mentioned funds pursue an investment objective considered to be necessary determined by the Investment Manager on a case-by-case basis or if the shares are in a UCITS or UCI attempting to replicate a securities index that are authorised for trading on one of the exchanges or organised markets listed in Appendix 1 No. 1 a).

## 2) Denomination in Foreign Currencies/Currency-Hedged Share Classes

Where and insofar as there are no provisions to the contrary, Sub-Fund assets may be denominated in foreign currencies i.e. not EUR.

Currency-hedged Share Classes will use transactions in order to hedge, to a large extent, against movement in a pre-defined currency, in addition to seeking to achieve the general Sub-Fund investment objective.

In doing so, assets that are not denominated in any currency, are considered to be denominated in the currency of the country in which the registered office of the issuer (for securities representing equities: of the company; for certificates: the



underlying) is located. If the investment policy of a Sub-Fund envisages separate foreign currency risks, these transactions may partially cancel out the currency hedge at the Share Class level.

### 3) General Selection Criteria of Investment Managers

The assets of the Sub-Funds may, subject to the individual investment objectives and principles and depending on market conditions, be either focused on

- individual classes of assets, and/or
- individual currencies, and/or
- individual sectors, and/or
- individual countries, and/or
- assets with shorter or longer (residual) maturities, and/or
- assets of issuers/debtors of a specific nature (e.g. government or corporate),

or be more broadly invested.

The Investment Manager may, in particular, invest in the corresponding securities of companies of all sizes, either directly or indirectly. Depending on the market situation, the Investment Manager may focus either on companies of a certain size or individually determined sizes, or have a broad investment focus. In particular, the Sub-Fund may also invest in very small cap stocks, some of which operate in niche markets. A Sub-Fund's information sheet may provide other rules relevant for the respective Sub-Fund.

The Investment Manager may, in particular, also invest either directly or indirectly in Value Stocks and Growth Stocks. Depending on the market situation, the Investment Manager may either concentrate on Value Stocks or Growth Stocks, or have a broad investment focus. A Sub-Fund's information sheet may provide other rules relevant for the respective Sub-Fund.

### 4) Passive Violation of Limits

Exceeding or falling below limitations contained in the investment policy, is permitted if this occurs through changes in the value of assets held in the Sub-Fund, through the exercise of subscription or option rights and/or through change in the value of the Sub-Fund as a whole, and/or in connection with the issue or redemption of share certificates (so-called "passive violation of limits"). In such cases, the Investment Manager will seek to re-adhere to those limits within an appropriate time frame.

### 5) Use of Techniques and Instruments

The Management Company may use techniques and instruments in relation to the Sub-Funds for the purpose of efficient portfolio management (including for hedging purposes) (in accordance with Appendix 2 and the notes in the Prospectus under "Use of Techniques and Instruments and Special Risks associated with such Use").

Under no circumstances may the Sub-Funds deviate from their stated investment objectives when using such techniques and instruments.

### 6) Short-Term Loans

The Management Company may raise for each Sub-Fund short-term loans in accordance with Appendix 1 No. 2 second indent.

### 7) Possible Effects of the Use of Derivatives on the Risk Profile of the Sub-Fund

The Sub-Funds may use derivatives – such as futures, options and swaps – for hedging purposes. This may lead to correspondingly lower opportunities and risks in the general Sub-Fund profile. Hedging can be used in particular to reflect the different currency-hedged Share Classes and thus to mark the profile of the respective Share Class.

The Sub-Funds may also employ derivatives in a speculative sense in order to increase returns in pursuing the investment objective, in particular, to represent the general Sub-Funds' profiles and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In reflecting the general Sub-Funds' profiles through derivatives, the general Sub-Funds' profiles will be implemented through the replacement of direct investments in securities, for example, by investments in derivatives or also, in shaping the general Sub-Funds' profiles, specific components of the Sub-Funds' investment objectives and principles may be derivative based, for example reflecting currency positions through investments in derivatives, which normally will not have a substantial effect on the general Sub-Funds' profiles. In particular, if a Sub-Fund's investment objective states that, with the objective of achieving additional returns, the Investment Managers may also assume separate foreign currency risks with regard to certain currencies and/or separate risks with regard to equities, bonds and/or commodity futures indices and/or precious metals indices and/or commodity indices these components of the investment objectives and principles are predominantly derivative based.

If the Sub-Funds employ derivatives to increase the level of investment (use of derivatives for investment purposes), they do so in order to achieve a medium to long-term risk profile that offers potentially much greater market risk than that of a fund with a similar profile that does not invest in derivatives.

The Investment Managers follow a risk-controlled approach in the use of derivatives.

## 8) Base Currency

The Base Currency of the Sub-Funds is EUR, unless otherwise stated in the information sheet of the respective Sub-Fund.

## 9) Sub-Fund Maturity

The maturity of the Sub-Funds is undefined, unless otherwise stated in the information sheet of the respective Sub-Fund.

## 10) Sub-Fund Share Certificates

Physical share certificates may not be issued to individual Shareholders.

## 11) Planned Distribution Date for Distribution Share Classes

Provided that the general meeting of Shareholders does not resolve otherwise, the Company may establish interim distributions. The distribution date shall generally be on 15 September each year, unless otherwise stated in the information sheet of the respective Sub-Fund. If that day is not a Valuation Day for the respective Sub-Fund, the payout date may be delayed until the next Valuation Day for this Sub-Fund. Additional interim distributions may also be made.

## 12) Initial Subscription Price

Unless otherwise stated in the information sheet of the respective Sub-Fund, the following initial subscription prices shall apply for those P, PT, I, IT, W and WT Share Classes which have the corresponding Reference Currency:

EUR 1,000.–/USD 1,000.–/GBP 1,000.– plus Sales Charge where applicable.

## 13) Calculation of Duration

In so far as the information sheet of the Sub-Funds contains a target duration, this shall be calculated on the basis of the share of each Sub-Fund's assets invested in Interest-bearing Securities, deposits and money-market instruments, including interest receivable on the assets named, which may be acquired in accordance with the investment objectives and principles of the respective Sub-Fund. In calculating duration, derivatives on Interest-bearing Securities, interest and bond indices and interest rates are accounted for independent of the currency in which the underlying assets are denominated.

Deviations from this general provision shall be explicitly stated in the information sheet of the respective Sub-Fund.

## 14) Exposure Approach

Should the ability to exceed or fall below specified limits be provided for in the information sheet of a Sub-Fund, it is permissible to acquire or sell corresponding assets if it is simultaneously ensured, through the use of techniques and instruments, that the respective market risk potential as a whole adheres to these limits.

For this purpose, the techniques and instruments are taken into account with the delta-weighted value of the respective underlyings in the manner prescribed. Market-contrary techniques and instruments are considered to reduce risk even when their underlyings and the assets of the Sub-Funds are not precisely matched.

For the case that techniques and instruments are exclusively used for the purpose of the management and/or hedging of a Sub-Fund's Duration, certain government bond forwards and government bond futures (using e.g. US Treasuries, gilts, Bundesanleihen as underlying) are excluded from the respective exposure calculation as following:

- For the calculation of minimum exposure limits, long government bond forwards and long government bond futures shall be included into, and short government bond forwards and short government bond futures shall be excluded from the respective exposure calculation.
- For the calculation of maximum exposure limits, long government bond forwards and long government bond futures shall be excluded from, and short government bond forwards and short government bond futures shall be included into the respective exposure calculation.

## 15) Liquidity

Should the information sheet of a Sub-Fund provide that the purpose of deposits, money-market instruments and/or money-market funds is to ensure the necessary liquidity of the Sub-Fund, these instruments are not used for purposes of implementing the strategic orientation of the Sub-Fund. In this case, their purpose is in particular to fulfil the obligations of the Sub-Fund (e.g. for payment of the Subscription Price or to service redemptions of Shares) and to provide collateral or margin in the framework of the use of techniques and instruments. Any collateral or margin provided are not included in any specific liquidity limit in regard to investments in deposits, money-market instruments and/or money-market funds provided by a Sub-Fund's information sheet.

# Allianz European Micro Cap

## Information Sheet

### Investment Objective

The investment policy is geared towards long-term capital growth by investing Sub-Fund assets primarily in the European micro caps equity markets.

Management approach of the Sub-Fund

The Sub-Fund is managed in reference to a benchmark index pursuant to Article 7 Section 1 letter d) of Commission Regulation (EU) No. 583/2010. A fund is managed in reference to a benchmark index where a benchmark index either plays a role in (i) the explicit or implicit definition of the portfolio composition of the fund and/or in (ii) the performance objectives and indicators of the fund. In both cases, investment management adopts an active management approach, i.e. the benchmark is neither tracked nor replicated. Through this approach, investment management aims to outperform the benchmark index.

If a share class of the Sub-Fund is hedged against a specific currency, the respective benchmark index is also hedged against this currency.

This Sub-Fund is managed in reference to the benchmark index at 100 % MSCI Europe Micro Cap Total Return (Net). The benchmark index is administered by MSCI Limited. MSCI Limited is listed in the register for benchmark administrators that are managed by the European Securities and Markets Authority (ESMA).

*Purpose of using a benchmark index*

The benchmark index is used for performance measurement purposes only and not for the purpose of portfolio composition.

*Degree of freedom and universe of the benchmark index*

In general, the majority of the securities included in the Sub-Fund are also included in the benchmark index. The Investment Manager has the flexibility to also invest in securities that are not included in the benchmark index. When selecting and weighting the Sub-Fund's assets, Investment Management may deviate materially from the securities included in the benchmark index, as well as their corresponding weightings.

All investments which are made by this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities. The Sub-Fund does not mitigate PAI indicators as the fund does not apply the sustainable minimum exclusion criteria.

### Investment Principles

a) Subject in particular to the provisions of letter h), at least 70% of Sub-Fund assets are invested in Equities of micro caps whose registered offices are in Developed Countries in Europe (Turkey and Russia are considered European countries in this sense) or whose registered offices are in a country in which a company in the MSCI Europe Micro Cap Total Return (net) Index has its registered office.

For this purpose, micro caps are considered to be those joint-stock companies whose market capitalisation is a maximum of 1.3 times the market capitalisation of the largest security (in terms of market capitalisation) in the MSCI Europe Micro Cap Total Return (net) Index.

Included in this limit, convertible bonds and warrants for Equities from companies as defined in the first sentence of this letter and index certificates and other certificates whose risk profile typically correlates with the assets listed in the first sentence of this letter or with the investment markets to which these assets can be allocated may also be acquired.

- b) Subject in particular to the provisions of letter h), up to 30 % of Sub-Fund assets may be invested in Equities, convertible bonds or warrants other than those listed in a). Included in this limit, index certificates and other certificates whose risk profile typically correlates with the assets listed in the previous sentence or with the investment markets to which these assets can be allocated may also be acquired.
- c) Up to 10 % of Sub-Fund assets may be invested in UCITS or UCI that are money-market funds or equity funds and/or funds pursuing an absolute return approach.
- d) In addition, deposits may be held and money-market instruments may be acquired; their value together with the value of the money-market funds held as defined in letter c), subject to the provisions of letter h), may total a maximum of 15 % of Sub-Fund assets. The purpose of deposits, money-market instruments and money-market funds is to ensure the necessary liquidity. Any collateral or margins provided are not included in the limit contained in sentence 1.
- e) Notwithstanding the provisions in letters a), and b) subject in particular to the provisions of letter h), up to a total of 20 % of Sub-Fund assets may be invested in:
- convertible bonds or warrants described in letters a) and b), and
  - REIT Equities and comparable securities of REITs.
- f) The Sub-Fund assets and liabilities within in the Appendix 1 No. 2 second indent may also be denominated in foreign currencies. The share of the assets and liabilities not denominated in EUR, GBP, CHF, DKK or SEK may only exceed 20 % of the value of the Sub-Fund assets if the amount exceeding this limit is hedged. Assets and liabilities denominated in the same currency are not included in this limit up to the smaller of the amounts. Investment instruments that are not denominated in a currency are considered to be denominated in the currency of the country in which the registered office of the issuer (for securities representing equities: the company) is located.
- g) Within the remit of the Exposure Approach, it is permissible that the limits described in letters a), b), d) and e) above are not adhered to.
- h) Subject to the investment limits set out in the preceding letters a) to f), Sub-fund assets are permanently physically invested with a minimum of at least 70% of its Sub-Fund assets (the amount of Sub-Fund assets according to GITA Restriction is to be determined by the value of Sub-Fund assets without taking into account any liabilities of the Sub-Fund) in an Equity Participation according to Art. 2 Section 8 of the German Investment Tax Act as of January 1, 2022 ("GITA") in order to classify as an "equity-fund" according to GITA.
- Equity Participation according to Art. 2 Section 8 GITA includes, but is not limited to,
- (1) shares in a company admitted to trading on an exchange or on an organized market (which fulfils the criteria of a Regulated Market) or included in such market, and/or
  - (2) shares in a company other than a real estate company that is (i) resident in the EU / EEA and which is not exempt from income taxation there; or (ii) is a resident of a non-EU country and subject to income taxation of at least 15% and/or
  - (3) units of "equity-funds" or "mixed-funds" according to GITA as mentioned in the GITA Restriction with their relevant percentage of a permanent physical investment in an Equity Participation according to Art. 2 Section 8 GITA as disclosed in the respective fund's investment guidelines.
- i) The limits listed in letters a), d) and h) are not required to be adhered to in the first two months after launching the Sub-Fund and in the last two months before liquidation or merger of the Sub-Fund.
- j) The VAG Investment Restriction as described under "Definitions" applies.

#### Risk Profile of the Sub-Fund

Considering the above-mentioned circumstances and risks, the Sub-Fund (compared with other fund types) contains the highest risks and opportunities that are associated with an investment in equities.

To a very high degree, with regard to the equity-market orientation of the Sub-Fund, in particular the general market risk, the company-specific risk, the country and region risk, the creditworthiness risk, the counterparty risk, the risk of settlement default, the emerging markets risks, the liquidity risk, the country and transfer risks and the custodial risk play a significant role. Among other things, as regards the equity-market orientation of the Sub-Fund, it should be stressed that declines in prices, particularly those that affect the overall market, possibly even significantly more persistent ones, can have a negative impact on the Sub-Fund's assets.

Regarding the money-market and deposit-related assets, in addition to the risks named in the following paragraphs, the risk of interest rate changes, the creditworthiness risk, the company-specific risk, the country and region risk, the general market risk, the counterparty risk, the risk of settlement default, the emerging markets risks, the liquidity risk, the country and transfer risks and the custodial risk should also be mentioned.

The currency risk is high as regards the Share Classes not specially hedged against a certain currency at the share-class level. There is a high currency risk for an investor who does not operate in the currency against which the Share Class he holds is hedged, as regards the Share Classes specially hedged against a certain currency at the share-class level; this risk exists to a lesser extent for investors who operate in that currency.

In addition, investor attention is drawn to the sustainability risk, concentration risk, the settlement risk, the (sub-)fund capital risk, the risk of restricted flexibility, the inflation risk, the risk of the liabilities of individual Share Classes affecting other Share Classes, the risk of changes in underlying conditions, the risk of taxation or other charges as a result of local provisions related to the assets held by the (sub-)fund, the risk of changes to the Articles of Incorporation, to the investment policy and to the other basic aspects of a (sub-)fund, the risk of transaction costs at the (sub-)fund level arising from share movements, the key personnel risk, the specific risks of investing in target funds, the legal risk and operational risk, the risk associated with the receipt of collateral, risk associated with collateral management and especially to the sharply increased performance risk.

For information on the special risks related to the use of techniques and instruments, please see the sections "Use of Techniques and Instruments and Special Risks associated with such Use" and "Possible Effects of the Use of Derivatives on the Risk Profile of the Sub-Fund".

**The volatility (fluctuation) of the value of shares of the Sub-Fund may be sharply increased.**

#### **Investor Profile**

Allianz European Micro Cap is aimed at investors who pursue the objective of general capital formation/asset optimisation and/or above-average participation in price changes. It may not be suitable for investors who wish to withdraw their capital from the fund within a period of 5 years. Allianz European Micro Cap is aimed at investors with basic knowledge and/or experience of financial products. Prospective investors should be capable of bearing a financial loss and should not attach any importance to capital protection. Allianz European Micro Cap is assigned to a certain risk class on a scale of 1 (conservative; very low to low expectation of returns) to 7 (very tolerant of risk; highest expectation of returns) which is published on the website <https://regulatory.allianzgi.com>.

#### **Performance-Related Fee**

A performance-related fee may incur for all Share Classes except for share class types I and IT as follows: Up to 20 % of the outperformance vs. MSCI Europe Micro Cap Total Return (net) Index, according to Method A. The Management Company may levy a lower fee at its own discretion. The benchmark is provided by MSCI Limited an administrator which appears on the register.

#### **Launch date for those Share Classes already launched:**

29 March 2011 Share Class IT (EUR) (ISIN LU0594339896)  
19 September 2012 Share Class W (EUR) (ISIN LU0665631031)

#### **Dealing Day / Valuation Day**

Each day on which banks and exchanges in Luxembourg and Germany are open for business.

**Trading Deadline**

6.00 p.m. CET or CEST on five Valuation Days preceding a Dealing Day. Subscription and redemption applications received by 6.00 p.m. CET or CEST on five Valuation Days before Dealing Day are settled at the Subscription or Redemption Price of this Dealing Day. Subscription and redemption applications received after that time are settled at the Subscription or Redemption Price of the next Dealing Day.

Investors should pay particular attention to the risk warnings (see "General Risk Factors") in the Prospectus.

# Allianz Global Bond Fund

## Information Sheet

### Investment Objective

The Sub-Fund's investment objective is to provide investors with a vehicle that seeks to control portfolio risk and, whilst there can be no assurance that the Sub-Fund will achieve any specific rate of return, seeks to achieve a rate of return that exceeds, by 75 basis points, the returns of the ICE BofA Global Government Index (W0G1) (following referred to as the "Index" or the "Benchmark Index") in accordance with a specific ESG Investment Strategy, as described in more detail below. It is noted that ICE Indices incorporate transaction costs into their calculation.

The Sub-Fund seeks to implement its investment policy by investing primarily in Interest-bearing Securities issued by national governments, agencies, sovereign entities and other entities within the countries included in the Index as well as in developed market bonds issued by national governments, agencies, supranational, and other entities in other countries and jurisdictions, such as New Zealand, Iceland and Greece, which are not necessarily included in the Index but which the Investment Manager may deem appropriate based on its view of (i) the similarity of the Interest-bearing Securities to those comprised in the Index; (ii) whether the Interest-bearing Securities are likely to enter the Index; (iii) the undervalue (if any) of the Interest-bearing Security by comparison to Interest-bearing Securities included in the Index. The emerging market Interest-bearing Securities will predominantly be denominated in USD.

### Management approach of the Sub-Fund

The Sub-Fund is managed in reference to a Benchmark Index pursuant to Article 7 Section 1 letter d) of Commission Regulation (EU) No. 583/2010. A fund is managed in reference to a Benchmark Index where a Benchmark Index either plays a role in (i) the explicit or implicit definition of the portfolio composition of the fund and/or in (ii) the performance objectives and indicators of the fund. In both cases, investment management adopts an active management approach, i.e. the benchmark is neither tracked nor replicated. Through this approach, investment management aims to outperform the Benchmark Index.

If a share class of the Sub-Fund is hedged against a specific currency, the respective Benchmark Index is also hedged against this currency.

This Sub-Fund is managed in reference to the Index which is used as the Sub-Fund's benchmark. The index is administered by ICE Benchmark Administration Limited and is authorized under Article 34 of the Benchmark Regulation.

### *Purpose of using a Benchmark Index*

The benchmark index is used for performance measurement purposes only and not for the purpose of portfolio composition.

### *Degree of freedom and universe of the Benchmark Index*

When selecting and weighting the Sub-Fund's assets, the Fund Management may deviate materially from the securities included in the Benchmark Index, as well as their corresponding weightings. Generally, the majority of the securities included in the Sub-Fund are also included in the Benchmark Index. The Fund Manager has the flexibility to also invest in securities that are not included in the Benchmark Index.

All investments which are made by this Sub-Fund do not take into account the EU criteria for environmentally sustainable economic activities. The Sub-Fund does not mitigate PAI indicators as the fund does not apply the sustainable minimum exclusion criteria.

### Investment Principles

1. Sub-Fund assets are invested in accordance with the principle of risk diversification as follows:

- a) Sub-fund assets may be invested in developed market countries and/or in emerging markets countries.



- b) Sub-fund assets are invested in actively traded liquid global and local bond markets (local in this context is determined by the currency of an Interest-bearing Security and the country of the issuer. Interest-bearing Securities denominated in the local currency of the issuer are traded on local bond markets), including index linked government securities, fixed and floating rate, government, government agency, sovereign entities and supranational securities (i.e., securities issued by multinational issuers, for example, the European Investment Bank) of issuers of all sectors listed or traded on Recognized Markets. With reference to Appendix 1 No. 1 Index certificates and other certificates – all being securities according to Law – whose risk profile typically correlates with Interest-bearing Securities or with the investment markets to which these assets can be allocated may also be acquired for the Sub-fund in accordance with letter a).

Equities and comparable rights may only be acquired in the exercise of subscription, conversion and option rights on convertible bonds and bonds with warrants, but they must be sold within three months after acquisition.

- c) The acquisition of Interest-bearing Securities, which at the time of acquisition are High-Yield Investments, is restricted to a maximum of 10% of the value of Sub-Fund assets. The minimum rating of an Interest-bearing security which may be acquired by the Sub-Fund will be B- (or equivalent). In the case that an Interest-bearing Security is split rated, the lower rating shall prevail. In the case that an Interest-bearing Security is not recognized and/or rated by a recognized rating agency (included, but not limited to Moody's, S&P or Fitch), the Investment Manager may, acting reasonably and appropriately, deem an equivalent credit rating of the underlying issuer. When none of the aforementioned rating agencies rate either the issuer or the issue, the Interest-bearing Security in question must not be acquired.
- d) Max. 15% of the value of Sub-Fund assets may be invested in Interest-bearing Securities whose issuers are Emerging Markets. Exposure to a single emerging market sovereign debt issuer shall not exceed 5% of the Sub-Fund assets.
- e) Notwithstanding the provisions of Appendix 1 No. 3, exposure to a single supranational issue shall not exceed 10% of the Sub-Fund assets, subject to a maximum exposure of 25% per issuer.
- f) Sub-Fund assets may not be invested in UCITS and/or UCI.
- g) In addition, deposits may be held, and money-market instruments may be acquired.
- h) The Duration of Sub-Fund assets is restricted to the range of duration of the Index, plus or minus 2 years.
- i) Min. 90% of the Sub-Fund assets shall be denominated in EUR and/or be hedged to EUR.
- j) Sub-Fund assets must not be invested in: Interest-bearing Securities issued by corporates, Securitised debt (Asset Backed Securities, Mortgage Back Securities, Collateralised Debt Obligations), Non-Rated debt and loan entities/issuers (however, an unrated Interest-bearing Security from a rated issuer is permitted, as set out above), ETFs, UCITS and/ or UCI which invest in developed market countries.
- k) Borrowing to leverage the Portfolio, security lending and short selling bonds are not permitted.
- l) It is permissible for the limit described in the letters c) and d) above to be either exceeded or not met through the direct acquisition or direct sale of the corresponding assets if it is simultaneously ensured through the use of techniques and instruments that the respective market risk potential as a whole adheres to the aforementioned limits.

For this purpose, the techniques and instruments are taken into account with the delta-weighted value of the respective underlyings in the manner prescribed. Market-contrary techniques and instruments are also counted as risk-reducing if their underlying assets do not fully match the assets in the Sub-fund.

- m) In derogation of the limits listed under No. 3 a) to d), the Board of Directors may decide that in accordance with the principle of risk diversification, up to 100% of a Sub-Fund's assets may be invested in securities and money-market instruments of different issues being offered or guaranteed by the European Union, the European Central Bank, a member state of the EU or its local authorities, by a member state of the OECD, or by international organisations under public law to which one or more member states of the EU belong, provided that such securities and money-market instruments have been offered within the framework of at least six different issues, with the securities and money-market instruments of one and the same issue not to exceed 30% of the Sub-Fund's net assets.

2. When selecting the assets to be acquired by the Sub-Fund's Investment Manager, the following exclusion criteria and selection principles based on the specific ESG Investment Strategy are applied:

- a) Sub-Fund assets may not be invested in securities issued by companies:
- severely violating principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights.
  - developing, producing, using, maintaining, offering for sale, distributing, storing, or transporting controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons).
  - deriving more than 10% of their revenues from weapons, military equipment, and military services,
  - deriving more than 10% of their revenue from thermal coal extraction,
  - active within the utility sector and generating more than 20% of their revenues from coal,
  - involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues.
- b) Sub-Fund assets may not be invested in securities from sovereign issuers qualified with a score as “not free” by the Freedom House Index<sup>1</sup>.
- c) After the exclusions described in No. 2 letters a) and b) have been applied, the Investment Manager selects from the remaining investment universe those corporate issuers that perform better within their sector based on a score for environmental, social, governance, and business behaviour factors (“Sustainability Factors”). With respect to sovereign issuers, the ones that generally perform better with respect to sustainability aspects. The score has five different gradations starting at class 0 (insufficient) and ending at class 4 (very good). The score represents an internal assessment assigned to a corporate or sovereign issuer by the Investment Manager.
- d) Min. 90% of the Sub-Fund's portfolio is internally scored with a gradation between 1 to 4. The basis for the calculation of the 90% threshold is the Sub-Fund's net asset value except instruments that are not scored by nature, e.g., cash and deposits. Derivatives are generally not scored. Derivatives (other than credit default swaps), whose underlying is a single rated corporate issuer are, however, generally scored. Sub-Fund's pre-contractual disclosure information in the Annex to this Prospectus describes all relevant information on the scope, details and requirements of the specific ESG Investment Strategy and the exclusion criteria applied.

Sub-Fund's Benchmark Index is a government bond index. The ICE BofA Global Government Index measures the performance of fixed-rate, local currency, investment grade sovereign bonds from Developed Market countries. The Index is a widely used benchmark that currently comprises sovereign debt from over 15 countries, denominated in a variety of currencies, and has more than 25 years of history available. The Index provides a broad benchmark for the global Developed Market sovereign fixed income market.

The Sub-Fund assets may be invested in cash equivalents, i.e., interest-bearing securities with remaining maturities of one year or less issued by governments and agencies. In general, no single cash equivalent issue will exceed 10% of Sub-Fund assets. Subject to prevailing market conditions, it is intended that, to the extent reasonably possible, Sub-Fund assets will be fully invested at all times. However, the Investment Manager may retain up to 10% of Sub-Fund assets in cash any time.

The Sub-Fund may use the following instruments for investment purposes and for purposes of efficient portfolio management and hedging purposes (subject always to such instruments having a maximum tenure of 12 months):

- 1) Futures and
- 2) Forward foreign exchange contracts including Non-Deliverable Forwards (“NDFs”).  
Forward foreign exchange contracts and NDFs may be transacted on an over the counter (OTC).

It is not expected that the use of financial derivative instruments will significantly raise the risk profile of the Portfolio. Although individual financial derivative instruments may be inherently leveraged insofar as financial derivative

<sup>1</sup> The country in question may be found on the Freedom House Index (<https://freedomhouse.org/countries/freedom-world/scores>) in the column “Total Score and Status” of the section “Global Freedom Scores”.

instruments may allow a purchaser to increase position exposure by advancing, as the initial cost of the relevant financial derivative instrument, whether by margin or otherwise, only a percentage of the value of the relevant position, the primary purpose of the Investment Manager in using financial derivative instruments is the reduction of risk or the management of risk in a more effective manner, rather than magnifying exposure to the markets in which the Portfolio invests. The Investment Manager uses financial derivative instruments primarily as an alternative way of gaining exposure to particular investment risks and managing or eliminating other investment risks. In particular, financial derivative instruments allow the Investment Manager to isolate risks in a manner that is not possible in the case of an instrument such as a bond. In the event that the Investment Manager decides to purchase a bond for the Portfolio, the Investment Manager is effectively buying a number of risks that are "bundled" into a single instrument. Such risks would include currency risk, interest rate risk, credit risk etc. By using financial derivative instruments, the Investment Manager can choose, on behalf of the Portfolio, which of those risks to take because financial derivative instruments provide an effective and efficient means of "unbundling" the various risks inherent in an instrument such as a bond.

#### **Forward Foreign Exchange Contracts**

Forward foreign exchange contracts will be used for hedging and investment purposes i.e. to hedge the value of the Portfolio's investments which are designated in a currency other than the base currency (EUR) back into the base currency. It may not always be possible or desirable to fully or accurately hedge all currency exposure back into the base currency, however at least 90% of the net assets of the Portfolio must be hedged to EUR. Investors should note that adverse movements in currency exchange rates can result in a decrease in return and loss of capital. Accordingly, the effect of movements of currency exchange rates may be such that the returns for the investor may be lower than that which would have been achieved had the Portfolio not used forward foreign exchange contracts for the purposes described herein. Non-deliverable forward foreign exchange contracts will be used for the same reasons. They differ from standard forward foreign exchange contracts in that at least one of the currencies in the transaction is not permitted to be delivered in settlement of any profit or loss resulting from the transaction. Profit or loss in this case will be delivered in "hard currency", typically EUR or USD.

#### **Bond Futures Contracts**

The Portfolio, subject to the restrictions imposed on the use of various financial derivative instruments described in the Prospectus and by the UCITS Regulations, may buy and sell futures contracts to either create exposure or reduce exposure to various markets or to reduce certain aspects of risk inherent in specific trades both for investment purposes and for efficient portfolio management purposes. Futures contracts are agreements to buy or sell a fixed amount of a government bond, or currency at a fixed date in the future. Futures contracts are exchange-traded instruments and their dealing is subject to the rules of the exchanges on which they are dealt. The amounts of the underlying asset cannot be changed nor can the settlement date for the contract. Trades in futures are conducted via brokers who execute for the Portfolio and/or clear the contracts for the Portfolio on the exchange.

Futures contracts are subject to margin provisions. At the time of purchase or sale, initial margin is posted to the exchange via the clearing broker. As the price of the contract rises or falls with the price of the underlying, variation margin is posted or received by the Portfolio via the clearing broker.

Futures contracts are used to increase or reduce interest rate, or currency exposure to a particular market. Buying bond futures gives the Portfolio interest rate exposure to the government interest rates in a given country or currency area (like the Economic and Monetary Union of the EU), for example to offset a position where the Portfolio has sold a bond which has previously had its interest rate risk hedged through the selling of government bond futures. The act of buying the bond future would reverse the original hedge. Selling bond futures reduces interest rate or currency exposure in the same way. Futures will sometimes be used in the Portfolio in combination with other securities. For example, by buying sovereign bonds and selling a duration-weighted amount of government bond futures against those purchases, the Portfolio can take advantage of movements in credit spreads without having exposure to interest rate risk in that market. Similarly the currency risk inherent in buying (for example) a USD denominated sovereign bond can be hedged back to the base currency of the Portfolio (EUR) by selling a currency future. If and when that USD denominated sovereign bond was sold from the Portfolio, the hedge would then need to be offset by buying a currency future.

Exchange traded bond futures may be used as a cost efficient alternative to taking outright positions in underlying securities or for hedging specific risk in relation to a Portfolio holding.

The amount required to settle any transactions must be held in cash or marketable securities. Any such futures transactions must be used in accordance with the investment objective of the Portfolio and must be deemed by the Investment Manager to be economically appropriate.

#### **Risk Profile of the Sub-Fund**

Considering the above-mentioned circumstances and risks, the Sub-Fund (compared with other fund types) contains such opportunities and risks that are associated with an investment in bonds/money markets.

In this regard, the risks in the bond and money markets, such as the risk of interest rate changes, the creditworthiness risk, the general market risk, the company-specific risk, the risk of settlement default, the counterparty risk, the emerging-market risks, the liquidity risk, the country and transfer risks, the custodial risk and the specific risks of investing in High-Yield Investments play a significant role.

The currency risk is also very high for non-Euro investors as regards the Share Classes not specially hedged against a certain currency at the share-class level, but to a lesser extent for a Euro investor. There is a high currency risk for an investor who does not operate in the currency against which the Share Class he holds is hedged, as regards the Share Classes specially hedged against a certain currency at the share-class level; this risk exists to a lesser extent for investors who operate in that currency. The currency risk is very high with regard to Share Classes of which the base currency or the reference currency is hedged against a certain Hedging Currency.

In addition, investor attention is drawn to the China Investment Risk, sustainability risk, dilution and swing pricing risk, concentration risk, the (sub-)fund capital risk, the risk of restricted flexibility, the inflation risk, the Risk of taxation or other charges as a result of local provisions related to the assets held by the (sub-)fund, the risk of the liabilities of individual Share Classes affecting other Share Classes, the settlement risk, the risk of changes to the Articles of Incorporation, to the investment policy and to the other basic aspects of a (sub-)fund, the risk of transaction costs at the (sub-)fund level arising from share movements, the key personnel risk, the specific risks of investing in target funds, the legal risk and operational risk, the risk associated with the receipt of collateral, risk associated with collateral management, the risk of changes in underlying conditions and performance risk.

For information on the special risks related to the use of techniques and instruments, please see the sections "Use of Techniques and Instruments and Special Risks associated with such Use" and "Possible Effects of the Use of Derivatives on the Risk Profile of the Sub-Fund".

The volatility (fluctuation) of the value of shares of the Sub-Fund may be increased.

#### **Investor Profile**

Allianz Global Bond Fund is aimed at investors who pursue the objective of general capital formation/asset optimisation. It may not be suitable for investors who wish to withdraw their capital from the fund within a period of 3 years. Allianz Global Bond Fund is aimed at investors with basic knowledge and/or experience of financial products. Prospective investors should be capable of bearing a financial loss and should not attach any importance to capital protection. In terms of risk assessment, the Sub-Fund is assigned to a certain risk class on a scale of 1 (conservative; very low to low expectation of returns) to 7 (very tolerant of risk; highest expectation of returns) which is published on the website <https://regulatory.allianzgi.com>.

#### **Launch date for those Share Classes already launched:**

26 July 2019 Share Class WT8 (EUR) (ISIN LU1956190000)

#### **Dealing Day / Valuation Day**

Each day on which banks and exchanges in Luxembourg and in the United Kingdom are open for business.

#### **Swing Pricing Mechanism**

The Company may apply the Swing Pricing Mechanism for the Sub-Fund.

Investors should pay particular attention to the risk warnings (see "General Risk Factors") in the Prospectus.

## Part 5: Important Information for Investors

### Austria

#### Note for Investors in the Republic of Austria

The sale of Shares of the Sub-Fund Allianz European Micro Cap have been registered with the Finanzmarktaufsicht (Vienna) pursuant to section 140 InvFG. It is recommended to the investors to check before the acquisition of shares of the Sub-Funds if for the respective share class the required fiscal data are published via Oesterreichische Kontrollbank AG.

### Germany

#### Note for Investors in the Federal Republic of Germany

All payments to Shareholders (proceeds from redemption, any distributions and other payments) can be made through the German Paying Agent listed in the "Directory". Applications for redemption and conversion may be submitted through the German Paying Agent.

With respect to the distribution in the Federal Republic of Germany, the Subscription, Redemption and, if applicable, Conversion prices are published on the Internet on the website <https://de.allianzgi.com>. Any announcements to investors are published on the Internet, on the website <https://de.allianzgi.com>. For selected share classes (e.g. share classes exclusively for institutional investors) publication can be performed on one of the websites <https://regulatory.allianzgi.com> or <https://lu.allianzgi.com>.

In addition, in accordance with § 298 paragraph 2 of the German Capital Investment Code a durable medium within the meaning of § 167 of the German Capital Investment Code is used to inform investors in the Federal Republic of Germany in the following cases:

- Suspension of the redemption of shares in a Sub-Fund,
- Termination of the management of the Company/a Sub-Fund or liquidation of the Company/a Sub-Fund,
- Changes to terms and conditions that are not compatible with the previous investment principles, that relate to material investor rights or that refer to fees and expense reimbursements payable from a Sub-Fund, including the background to the changes and the rights of the investors,
- In the event of a merger of a Sub-Fund with another fund, the merger information required under Article 43 of Council Directive 2009/65/EC
- In the event of conversion of a Sub-Fund into a feeder fund or, if applicable, the changes to a master fund in the form of information required under Article 64 of Council Directive 2009/65/EC.

The prospectus, the Key Information Documents, the Articles of Incorporation, the current annual and semi-annual reports, the subscription, redemption and, if applicable, conversion prices as well as the additional documentation listed under "Available Documentation" may be obtained in hard copy without charge at the Information Agent listed in the "Directory" and without charge on the website <https://de.allianzgi.com>. For selected share classes (e.g. share classes exclusively for institutional investors or share classes whose bases of taxation are not published in the Federal Republic of Germany) publication can be performed on one of the websites <https://regulatory.allianzgi.com> or <https://lu.allianzgi.com>. The depositary agreement is available for inspection without charge at the offices of the Information Agent.

Neither the Management Company nor the Depositary, the Registrar Agent, the Distributors or the Paying and Information Agents are liable for any errors or omissions in the published prices.

### Ireland

#### Note for Investors in the Republic of Ireland

The following statements are provided in accordance with the requirements of Irish law and do not constitute tax advice. Any prospective investors and shareholders should consult their own independent tax advisers regarding their tax position in relation to the Company.

The following statements are made on the basis of current Irish tax law and practice of the Revenue Commissioners in Ireland applicable to the holding and disposal of Shares in the Company where the shareholder regarded as holding a material interest in an offshore fund and is resident or ordinarily resident in Ireland or carrying on a trade in Ireland through a branch or agency in Ireland. Shareholders should note that this summary reflects the law and practice in force at the date of this document and may change in the future.

**Scope if Irish Tax**

Shareholders in the Company who are resident or ordinarily resident in Ireland or carrying on a trade in Ireland through a branch or agency in Ireland will be liable to tax in respect of income and gains arising on their Shares in accordance with the provisions of Chapter 4 Part 27 of the Taxes Consolidation Act, 1997. Accordingly, such shareholders will be obliged to comply with the requirements set out therein, together with any other provisions of Irish tax law which may apply to them.

**Encashment Tax**

Shareholders in the Company should note that any distributions made by a paying agent in Ireland on behalf of the Company or which are presented to, collected by, received by or otherwise realised by a bank or other person acting on behalf of the Shareholder in Ireland may be subject to encashment tax at the standard rate of income tax in Ireland. Encashment tax is creditable against the shareholder's final income tax liability.

# Directory

## Management Company and UCI Administration Agent

Allianz Global Investors GmbH  
Bockenheimer Landstrasse 42 - 44  
60323 Frankfurt/Main  
Germany  
Allianz Global Investors GmbH, acting through the Luxembourg Branch  
6A, route de Trèves  
L-2633 Senningerberg

## Investment Manager

Allianz Global Investors GmbH\*  
Bockenheimer Landstrasse 42 - 44  
60323 Frankfurt/Main  
Germany

Allianz Global Investors GmbH\*  
UK Limited  
199 Bishopsgate  
London EC2M 3TY  
United Kingdom

\*Indicates a member of the Allianz Global Investors Group, a company of the Allianz Group.

## Depositary, Fund Accounting, NAV Calculation, Registrar Agent

State Street Bank International GmbH,  
Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

## Distributors

### in Luxembourg

Allianz Global Investors GmbH,  
Luxembourg Branch

6A, route de Trèves  
L-2633 Senningerberg

### in the Federal Republic of Germany

Commerzbank AG  
Kaiserplatz  
60261 Frankfurt/Main  
Germany

### in Luxembourg

State Street Bank International GmbH,  
Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

## Information Agent in the Federal Republic of Germany

Allianz Global Investors GmbH  
("AllianzGI")  
Bockenheimer Landstraße 42-44  
60323 Frankfurt/Main  
Germany

E-mail: [info@allianzgi.de](mailto:info@allianzgi.de)

## Paying Agent/s in the European Union (EU-wide)

Facilities as described in Article 92 of the UCITS Directive as well as any corresponding information are available on <https://regulatory.allianzgi.com/en/facilities-services>  
State Street Bank International GmbH is responsible for the processing of subscription, repurchase and redemption orders and for making relevant payments to Shareholders, including subscription, redemption and repurchase proceeds. Information or

payments may be requested via the following address:

State Street Bank International GmbH,  
Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg

The net asset value of the Shares as well as the subscription and redemption prices of the Shares may be obtained at <https://regulatory.allianzgi.com/en/facilities-services>, and from any other source that the Company deems appropriate.

## Appointment of Austrian Representative to the Tax Authorities in the Republic of Austria

The following financial institution has been appointed the Austrian representative to the tax authorities for certification of distribution-like income as defined in § 186 Paragraph 2 line 2 InvFG:

Deloitte Tax Wirtschaftsprüfungs GmbH  
Renngasse 1/Freyung  
A-1010 Vienna

## Independent Auditor

PricewaterhouseCoopers  
Société coopérative  
2, rue Gerhard Mercator  
L-1014 Luxembourg

## Syndicate that promotes the Fund/the Sub-Funds

Allianz Group

**Allianz Global Investors GmbH**

Bockenheimer Landstrasse 42 – 44  
60323 Frankfurt/Main  
Germany

Internet: <https://de.allianzgi.com>  
E-Mail: [info@allianzgi.de](mailto:info@allianzgi.de)

**Allianz Global Investors GmbH, acting through the Luxembourg Branch**

6A, route de Trèves  
L-2633 Senningerberg

Internet: <https://lu.allianzgi.com>  
E-mail: [info-lux@allianzgi.com](mailto:info-lux@allianzgi.com)



Product name:

## Allianz Global Bond Fund

Legal entity identifier: 5299003SBQJ6EPYHKH49

### Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

#### Does this financial product have a sustainable investment objective?

Yes

No

- |   |  |
|---|--|
| <p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective ___%</p> | <p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p> |
|---|--|



### What environmental and/or social characteristics are promoted by this financial product?

Allianz Global Bond Fund (the "Sub-Fund") promotes environmental, social, human rights, governance, and business behaviour factors (this domain does not apply for sovereigns issued by a Sovereign Entity) through integration of a best-in-class approach into the Sub-Fund's investment process. This encompasses the evaluation of corporate or sovereign issuers based on an SRI Rating which is used to construct the portfolio.

In addition, sustainable minimum exclusion criteria apply.

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

#### ● What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

To measure the attainment of the environmental and/or social characteristics the following sustainability indicators are used and reported on, at the fiscal year end:

- The actual percentage of the Sub-Fund's Portfolio (Portfolio in this respect does not comprise non-rated derivatives and instruments that are non-rated by nature (e. g., cash and deposits)) invested in best-in-class issuers (issuers with a minimum SRI Rating of 2 out of a scale from 0-4) is compared to the actual percentage of the benchmarks best-in-class issuers.
- Confirmation that Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors are considered through the application of exclusion criteria.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable

- How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable

- How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



## Does this financial product consider principal adverse impacts on sustainability factors?

- Yes  
 No

The Management Company has joined the Net Zero Asset Manager Initiative and considers PAI indicators through stewardship including engagement, both are relevant to mitigate potential adverse impact as a company.

Due to the commitment to the Net Zero Asset Manager Initiative, the Management Company aims to reduce greenhouse gas emissions in partnership with asset owner clients on decarbonisation goals, consistent with an ambition to reach net zero emission by 2050 or sooner across all assets under management. As part of this objective the Management Company will set an interim target for the proportion of assets to be managed in line with the attainment of net zero emissions by 2050 or sooner.

The Sub-Fund's Investment Manager considers PAI indicators regarding greenhouse gas emission, biodiversity, water, waste as well as social and employee matters for corporate issuers, and, where relevant, the freedom house index is applied to investments in sovereigns. PAI indicators are considered within the Investment Manager's investment process through the means of exclusions as described in the "binding elements" section of the Sub-Fund.

The data coverage for the data required for the PAI indicators is heterogenous. The data coverage related to biodiversity, water and waste is low and the related PAI indicators are considered through exclusion of securities issued by companies having a severe violation / breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption issues. Therefore, the Investment Manager will strive to increase data coverage for PAI indicators with low data coverage. The Investment Manager will regularly evaluate whether the availability of data has increased sufficiently to potentially include assessment of such data in the investment process.

Additionally, PAI indicators are, among other sustainability factors, applied to derive the SRI Rating. The SRI Rating is used for the portfolio construction.

The following PAI indicators are considered:

Applicable to corporate issuers

- GHG Emissions

- Carbon footprint
- GHG Intensity of investee companies
- Exposure to companies active in the fossil fuel sector
- Activities negatively affecting biodiversity-sensitive areas
- Emissions to water
- Hazardous waste ratio
- Violation of UN Global compact principles
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles
- Board gender diversity
- Exposure to controversial weapons

Applicable to sovereign and supranational issuers

- Investee countries subject to social violations

The information on the PAI indicators will be available in the end-year report of the Sub-Fund.



## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

Allianz Global Bond Fund's investment objective is to provide investors with a vehicle that seeks to control portfolio risk and, whilst there can be no assurance that the Sub-Fund will achieve any specific rate of return, seeks to achieve a rate of return that exceeds, by 75 basis points, the returns of the ICE BofA Global Government Index in accordance with the Sustainable and Responsible Investment Strategy (SRI Strategy).

As part of the SRI best-in-class approach, the Sub-Fund takes environmental, social, human rights, governance, and business behaviour factors into account as follows:

- The aforesaid sustainability factors are analysed through SRI Research by the Investment Manager in order to assess how sustainable development and long-term issues are taken into account in the strategy of an issuer. SRI Research means the overall process of identifying potential risks as well as potential opportunities of an investment in securities of an issuer related to the analysis of sustainability factors. SRI Research data combines external research data (which might have some limitations) with internal analyses.
- Based on a combination of the results of the external and/or internal analyses of the sustainability factors, an internal rating is derived monthly (SRI Rating) and is afterwards assigned to a corporate or sovereign issuer.

This internal SRI Rating is used to rank and select or weight securities for the portfolio construction.

The Sub-Fund's general investment approach is described in the prospectus.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The binding elements are:

- Minimum rating coverage: At least 90% of the Sub-Fund's portfolio is required to have an SRI Rating (Portfolio in this respect does not comprise non-rated derivatives and instruments that are non-rated by nature (e.g., cash and deposits). While most holdings of the Sub-Fund's will have a corresponding SRI Rating some investments cannot be rated according to the SRI Research methodology. Examples of instruments not attaining to the SRI Rating include, but are not limited to cash, deposits, Target Funds, and non-rated investments.
- The rated instruments are adhering to the minimum rating threshold of 1 (out of a rating scale from 0 – 4; 0 being the worst rating and 4 the best rating)
- Application of the following sustainable minimum exclusion criteria for direct investments:
  - securities issued by companies having a severe violation / breach of principles and guidelines such as the Principles of the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, and the United Nations Guiding Principles for Business and Human Rights on the grounds of problematic practices around human rights, labour rights, environment, and corruption,

- securities issued by companies involved in controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, biological weapons, depleted uranium, white phosphorus, and nuclear weapons),
- securities issued by companies that derive more than 10% of their revenues from weapons, military equipment, and services,
- securities issued by companies that derive more than 10% of their revenue from thermal coal extraction
- securities issued by utility companies that generate more than 20% of their revenues from coal,
- securities issued by companies involved in the production of tobacco, and securities issued by companies involved in the distribution of tobacco with more than 5% of their revenues.

Direct investments in sovereign issuers with an insufficient freedom house index score are excluded.

The sustainable minimum exclusion criteria are based on information from an external data provider and coded in pre- and post-trade compliance. The review is performed at least half yearly.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The Sub-Fund does not commit to reduce the scope of the investments by a certain minimum rate.

- **What is the policy to assess good governance practices of the investee companies?**

Good governance principles are considered by screening out companies based on their involvement in controversies around international norms corresponding to the four good governance practices: sound management structures, employee relations, remuneration of staff and tax compliance. Companies having a severe violation in either of those areas will not be investible. For certain cases, flagged issuers shall be on a watch list. These companies will appear on this watch list when the Investment Manager believes that engagement may lead to improvements or when the company is assessed to take remedial actions. Companies on the watch list remain investible unless the Investment Manager believes that the engagement or the remedial actions of the company does not lead to the desired remedy of the severe controversy.

In addition, the Sub-Fund's Investment Manager is committed to actively encourage open dialogues with investee companies on corporate governance, proxy voting and broader sustainability issues in advance of shareholder meetings (regularly for direct investments in shares). The Sub-Fund's Investment Manager's approach to proxy voting and company engagement is set out in the Management Company's Stewardship Statement.

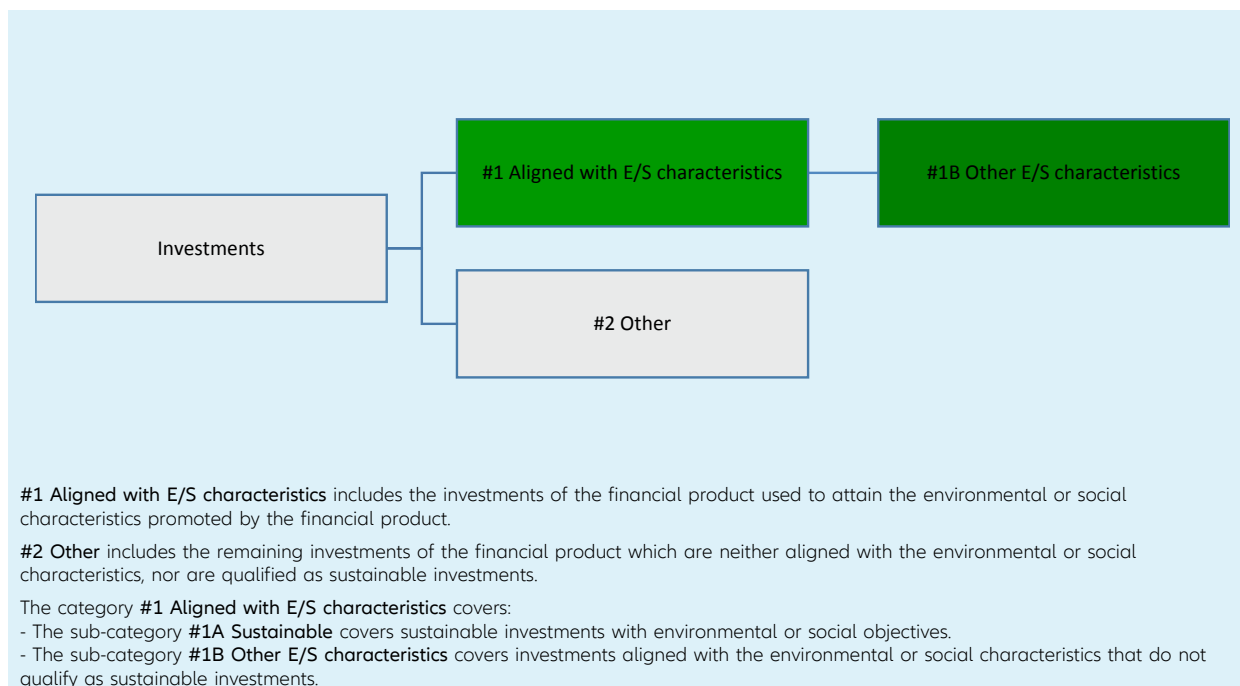
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.

Min. 90% of the Sub-Funds' assets (excluding cash and non-rated derivatives) are used to meet the environmental or social characteristics promoted by this Sub-Fund. A low portion of the Sub-Fund might contain assets which do not promote environmental or social characteristics. Examples of such instruments are derivatives, cash and deposits, some Target Funds and investment with temporarily divergent or absent environmental, social, or good governance qualifications.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

Not applicable



### **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund’s Investment Manager does not commit to a minimum share of sustainable investments with an environmental objective aligned with the EU Taxonomy.

- **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup>?**

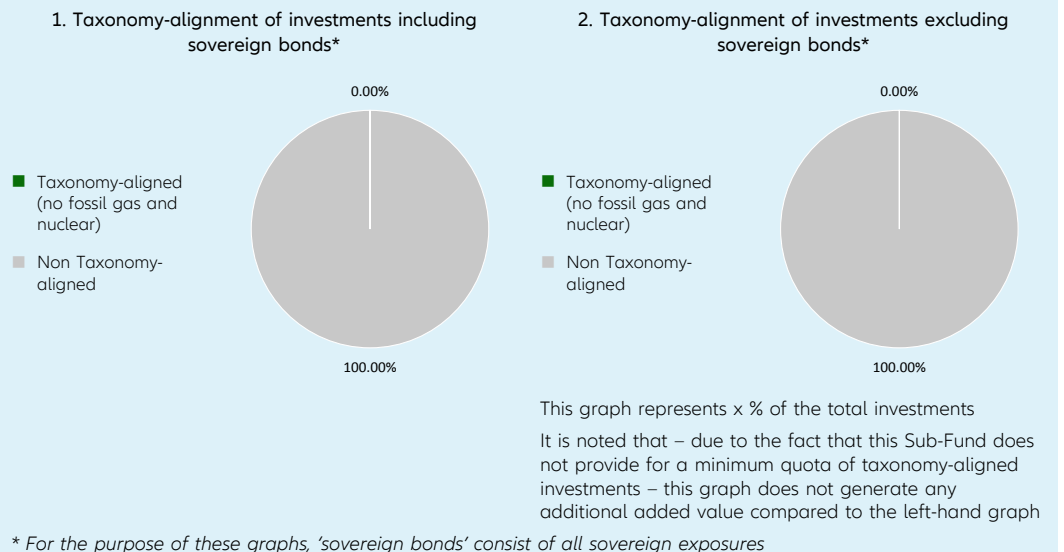
- Yes:
  - In fossil gas    In nuclear energy
- No

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.



**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

● **What is the minimum share of investments in transitional and enabling activities?**

The Sub-Fund’s Investment Manager does not commit to a split of minimum taxonomy alignment into transitional, enabling activities and own performance.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Sub-Fund’s Investment Manager does not commit to a minimum share of investments with an environmental objective that are not aligned with the EU Taxonomy.

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

The Sub-Fund’s Investment Manager does not commit to a minimum share of socially sustainable investments.



## What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Under “#2 Other” investments into cash, Target Funds, or derivatives can be included. Derivatives might be used for efficient portfolio management (including risk hedging) and/or investment purposes, and Target Funds to benefit from a specific strategy. For those investments no environmental or social safeguards are applied.



## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No reference benchmark has been designated for the purpose of attaining the environmental and/or social characteristics promoted by the Sub-Fund.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?  
Not applicable
- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?  
Not applicable
- How does the designated index differ from a relevant broad market index?  
Not applicable
- Where can the methodology used for the calculation of the designated index be found?  
Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



## Where can I find more product specific information online?

More product-specific information can be found on the website: <https://regulatory.allianzgi.com/SFDR>