

## **Sales Prospectus**

relating to the permanent offering and issue of Units in

# **Allianz PIMCO High Yield Income Fund**

A mutual investment fund organised under the laws of the Grand-Duchy of Luxembourg

27 December 2024

The Units referred to in this sales prospectus (hereinafter “Prospectus”) are offered solely on the basis of the information contained herein, the key information documents, the management regulations of the Fund (the “Management Regulations”) and in the reports referred to in this Prospectus. In connection with the offer hereby made, no person is authorised to give any information or to make any representations other than those contained in this Prospectus and the documents referred to therein, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information contained in this Prospectus shall be solely at the risk of the purchaser.

The latest annual report of the Fund and any subsequent semi-annual reports as well as the Prospectus, the Management Regulations and issue and redemption prices relating to the Fund can be obtained without charge at the registered office of the Luxembourg branch of the Management Company, the Management Company, from the Distributor, Information Agents or the Depositary and will be sent to investors upon request. The historical performance of the Fund is disclosed in the key information documents of the Fund.

All references herein to “USD” are to the United States Dollar.

All references herein to “EUR” are to the Euro.

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

The Fund is not and will not be registered in the United States of America under the Investment Company Act of 1940 as amended. The units 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 units 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 units on behalf of any US Person nor acquiring units with the intent to sell them to a US Person. Should a unitholder become a US Person, they may be subject to US withholding taxes and tax reporting.

For the purpose of this Prospectus the following definitions shall apply:

#### **United States**

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

#### **US Person**

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.

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## **BOARD OF DIRECTORS AND ORGANISATION**

### **Management Company and UCI Administration Agent**

Allianz Global Investors GmbH  
Bockenheimer Landstraße 42-44  
D-60323 Frankfurt am Main

In order to carry out its function as UCI Administration Agent, Allianz Global Investors GmbH acts through its Luxembourg Branch.

6A, route de Trèves  
L-2633 Senningerberg, Grand Duchy of Luxembourg

### **Supervisory Board of Allianz Global Investors GmbH**

Tobias C. Pross  
CEO  
Allianz Global Investors Holdings GmbH  
Munich

Giacomo Campora  
CEO Allianz Bank  
Financial Advisers S.p.A.  
Milan

Klaus-Dieter Herberg  
Allianz Networks Germany  
Allianz Global Investors GmbH  
Munich, Germany

Prof. Dr. Michael Hüther  
Director and Member of the Board  
Institut der deutschen Wirtschaft  
Cologne

Dr. Kay Müller  
Chairman of the Board and COO  
Allianz Asset Management GmbH  
Munich

Laure Poussin  
Head of Enterprise Project Management Office  
Allianz Global Investors France Branch  
Paris

### **Board of Management**

Alexandra Auer (chairperson)  
Ingo Mainert  
Dr. Thomas Schindler

Dr. Robert Schmidt  
Petra Trautschold  
Birte Trenkner

**Investment Manager**

PIMCO Europe GmbH  
Seidlstraße 24-24a  
D-80335 Munich, Federal Republic of Germany

**Depository**

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

**Registrar and Transfer Agent**

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

**Distributor and Agent Company in Japan**

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
9-2, Otemachi 1-chome, Chiyoda-ku  
Tokyo 100-0005, Japan

**Information Agent in the Federal Republic of Germany**

Allianz Global Investors GmbH  
Bockenheimer Landstraße 42-44  
D-60323 Frankfurt/Main, Federal Republic of Germany  
Internet: <https://de.allianzgi.com>  
E-mail: [info@allianzgi.de](mailto:info@allianzgi.de)

**Paying Agent in the Federal Republic of Germany**

State Street Bank International GmbH  
Brienner Str. 59  
D-80333 Munich, Federal Republic of Germany

**Paying and Information Agent in Luxembourg**

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

**Auditor of the Management Company and the Fund**

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

**Legal Adviser in Luxembourg**

Elvinger Hoss Prussen, *société anonyme*  
14483483\_3

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L-1340 Luxembourg, Grand Duchy of Luxembourg

**Legal Adviser in Japan**

Mori Hamada & Matsumoto  
Marunouchi Park Building  
6-1, Marunouchi 2-chome, Chiyoda-ku,  
Tokyo 100-8222, Japan



# PROSPECTUS

## THE FUND

Under the sponsorship of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd and Allianz Global Investors GmbH, Allianz PIMCO High Yield Income Fund (hereinafter referred to as the "Fund") organised in and under the laws of the Grand-Duchy of Luxembourg as a mutual investment fund ("fonds commun de placement"), is an unincorporated coproprietorship of its transferable securities and other assets (hereinafter referred to as "Securities"), managed in the interest of its co-owners (hereinafter referred to as the "Unitholders") by Allianz Global Investors GmbH (hereinafter referred to as the "Management Company"), a subsidiary of Allianz Asset Management AG, Munich, Federal Republic of Germany, and member of the Allianz group. Allianz Global Investors GmbH is a limited liability company incorporated under the laws of the Federal Republic of Germany and having its registered office in Frankfurt/Main, Federal Republic of Germany. The assets of the Fund are separate from those of the Management Company.

The ownership of a unit in the Fund (hereinafter referred to as "Units") affords the Unitholder the opportunity of having his investment spread over the whole range of Securities held by the Fund. All Units have equal rights as to dividend, repurchase, and proceeds in a liquidation, but the Management Regulations do not provide for meetings of Unitholders.

Unitholders may request repurchase of all or part of their Units at any time at their applicable net asset value per Unit as further described in section "Repurchase of Units" herein.

The Fund has been initially created under the name "Dresdner High Yield Income Fund" under Part II of the law of 30<sup>th</sup> March 1988 relating to undertakings for collective investment and was submitted by the law to Part II of the law of 20<sup>th</sup> December 2002 relating to undertakings for collective investment on 13<sup>th</sup> February 2004. Pursuant to the decision of the Management Company effective on 28<sup>th</sup> December 2004, the Fund was organised under Part I of the law of 20<sup>th</sup> December 2002.

Since 1<sup>st</sup> July 2011, the Fund is subject to Part I of the law of 17<sup>th</sup> December 2010 relating to undertakings for collective investment and the reference to the "Law" shall be deemed to be a reference to the aforementioned law of 17<sup>th</sup> December 2010.

With effect from 28<sup>th</sup> December 2009, the Fund has been renamed into "Allianz PIMCO High Yield Income Fund".

The Fund is managed by the Management Company in accordance with the Management Regulations. The original version of the Fund's Management Regulations entered into force on 1<sup>st</sup> December 1997.

The most recent amendment of the Management Regulations came into effect on 27 December 2024. A notice of lodging with the Register of Commerce and Companies of Luxembourg was published on 30 January 2025 in the *Recueil électronique des sociétés et associations* (the "RESA").

The Fund has been established for an unlimited period of time. The Fund may be dissolved at any time by mutual agreement between the Management Company and the Depositary (as hereinafter defined). If the total net assets of the Fund would fall below USD 10,000,000.- the Management

Company may decide the dissolution of the Fund. The Fund may further be dissolved in the cases provided for by Luxembourg law. The liquidation of the Fund may not be requested by Unitholders or by their heirs or beneficiaries. Any notice of dissolution will be published in the RESA and in at least two newspapers to be specified at that time, at least one of which must be a Luxembourg newspaper. In the event of dissolution, the Management Company will realise the assets of the Fund in the best interests of the Unitholders, and the Depositary, upon instructions given by the Management Company, will distribute the net proceeds of liquidation (after deducting all liquidation expenses) among the Unitholders in proportion to their Units held. As provided by Luxembourg law the proceeds of the liquidation corresponding to Units not surrendered for repayment at the close of liquidation will be kept in safe custody with the Luxembourg "Caisse de Consignation" until the prescription period has elapsed. As soon as the circumstance leading to the state of liquidation of the Fund arises, issue of the Units is prohibited on penalty of nullity. Repurchase of Units is allowed if equal treatment of all Unitholders can be ensured.

## **INVESTMENT POLICY**

The investment objective of the Allianz PIMCO High Yield Income Fund is to generate a higher than average yield by investment in a diversified portfolio of international debt securities, such as sovereign bonds (both Eurobonds and domestic issues), corporate bonds, short term debt investments and Brady Bonds. The Fund also invests in U.S. Government Securities and U.S. Government Agency Securities (as defined below) for the purpose of increasing liquidity and reducing volatility of the value of the Units. It is not expected that the Fund will specialise in any country or, in the case of commercial bonds, in an industry sector.

The Fund will endeavour to achieve these objectives in two ways. First through an active selection of the countries in which the Fund will invest and secondly through the active selection of appropriate debt investments within each country.

The percentage of the Fund's assets invested in any category of issuer, currency or country will vary depending on prevailing market opportunities on the dates of the acquisition. Except as permitted under the applicable investment restrictions the securities selected for the Fund will be listed or traded on a stock exchange or a regulated market, operating regularly and being recognised and open to the public.

### **Management approach of the Fund**

The 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.

If a unit class of the Fund is hedged against a specific currency, the respective benchmark index is also hedged against this currency.

This Fund is managed in reference to the benchmark index at 80% JP Morgan EMBI Plus + 20% ICE BofA US Treasury Current Coupon 5-Year (GA05) (ICE Indices incorporate transaction costs into their calculation). The benchmark index is administered by JP Morgan Securities PLC and ICE Benchmark Administration Limited. JP Morgan Securities PLC and ICE Benchmark Administration

Limited are 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*

When selecting and weighting the Fund's assets, Investment Management may deviate materially from the securities included in the benchmark index, as well as their corresponding weightings. Generally, the minority of the securities included in the 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.

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>.

**Furthermore, the Management Company considers Principal Adverse Impact indicators (“PAI indicators”) on sustainability factors in a similar manner as described before in the course of all investment decisions to be taken for the 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.

All investments which are made by the Fund do not take into account the EU criteria for environmentally sustainable economic activities. The Fund does not mitigate PAI indicators as the Fund does not apply the sustainable minimum exclusion criteria.

### Categories of Debt Investments

The Fund may invest in debt investments which may comprise the securities and instruments set out below including such securities and instruments which give direct or indirect exposure to Emerging Markets although this does not propose to be an exhaustive list of the securities and instruments in which the Fund may invest.

#### Sovereign Bonds

Sovereign bonds are issued or guaranteed by sovereign states. These bonds may be issued in hard currencies or in the local currency of the issuer. Unlike most Brady Bonds, these bonds do not tend to be rescheduled loans and it is most unlikely that they are collateralised by US Treasury Bonds, as is the case with many Brady Bonds. These bonds usually have shorter maturities, fixed rate coupons and smaller issue sizes than Brady Bonds.

#### Corporate Bonds

Corporate bonds are issued by corporate entities and do not generally carry a sovereign guarantee or collateralisation with US Treasury Bonds. These bonds are backed by the corporate entity issuing the bond and thus financial strength of the company's balance sheet is of key importance. These bonds may be issued in hard currency or local currency and may be traded on the international bond markets or on the local market where the issuer is resident.

#### Short Term Debt Investments

Short term debt investments may be issued by sovereign states, their agencies and instrumentalities and corporate entities. These investments may be issued in the base currency of the Fund (being the USD), other hard currencies or in the local currency of the issuer. Typically, these instruments may include short term bonds, floating rate securities, medium term notes, treasury bills, certificates of deposit, bankers acceptances and other short term instruments. The maturity profile of these instruments will generally be less than one year.

#### Brady Bonds

Under the Brady Plan, which started in 1989, a number of countries have re-scheduled their debt repayments. The Brady Plan involves a degree of debt forgiveness and an extension of maturities for outstanding commercial bank loans and their conversion into more liquid, standardised, tradable bonds issued by a sovereign state and are commonly known as Brady Bonds. The Brady Plan, therefore, enables a debtor country to lower its overall debt burden and, at the same time, its creditors will have a more liquid tradable investment. The majority of Brady Bonds are USD denominated, and

normally the final capital repayment at maturity of all par bonds and discount bonds are collateralised by zero coupon US Treasury Bonds with corresponding maturity dates.

### U.S. Government Securities

The Fund may invest in various types of short-term marketable securities issued by or guaranteed as to principal and interest by the U.S. Government and supported by the full faith and credit of the U.S. Treasury (hereafter "U.S. Government Securities"). U.S. Treasury bills, the most frequently issued marketable government securities, have a maturity of up to one year and are issued on a discount basis.

### U.S. Government Agency Securities

The Fund may invest in various types of debt securities issued by U.S. Governmental- sponsored enterprises, agencies and certain international institutions (hereafter "U.S. Government Agency Securities"). Such securities are not direct obligations of the Treasury but involve Government sponsorship or guarantees by Government agencies or enterprises.

### **Investment Allocation**

Considering the use of techniques and instruments and the Fund's respective market risk potential as a whole the Fund's assets will be invested so as to gain, directly or indirectly, exposure:

i) predominantly to high yield investments

High yield investments include debt investments issued by corporate or sovereign (including local authorities) issuers worldwide (including emerging markets) of lower or middle credit quality.

ii) additionally up to about 20% in U.S. Government Securities and U.S. Government Agency Securities (for liquidity management).

The allocation may be varied at the discretion of the Management Company depending on circumstances prevailing at the time of investment and subsequent changes thereto.

### Debt Investment Ratings

**High yield investments, such as but not limited to sovereign bonds, corporate bonds, short term debt investments and Brady Bonds, in which the Fund intends to invest, are usually deemed to be of lower or middle credit quality and, accordingly, they are deemed to have a higher degree of risk than bonds of higher credit quality. The maturity yields of these debt instruments are correspondingly higher than of debt investments with higher credit quality to reflect the greater risk of loss of principal and interest.**

In case these debt investments do not have a formal rating from a recognised rating agency, such as Moody's or S&P Global Ratings (S&P), the Investment Manager will try to ascertain the "perceived rating" of such investments but may not always be able to do so.

The Fund may hold ancillary liquid assets (i.e. bank deposits at sight, such as cash held in current accounts with a bank accessible at any time) up to 20% of its net assets to cover current or exceptional payments, or for the time necessary to reinvest in eligible assets provided under Article 41 (1) of the Law and in line with the Fund's investment policy or for a period of time strictly necessary in case of unfavourable market conditions. In exceptionally unfavourable market conditions, this limit may be increased on a temporary basis and if justified in the interest of Unitholders.

The Fund may use financial derivative instruments for hedging or investment purposes in accordance with the section "The Use of Techniques and Instruments and special risks associated with such use" hereafter.

## **POSSIBLE IMPACT OF THE USE OF DERIVATIVES ON THE FUND'S RISK PROFILE**

The Fund may employ derivatives - such as futures, options, swaps - for hedging purposes. This may lead to correspondingly lower opportunities and risks in the general Fund profile. The Fund may also use derivatives in a speculative sense (i.e. for investment or efficient portfolio management purposes) to increase returns in pursuing the investment objective, in particular, to represent the general Fund profile and to increase the level of investment above the level of investment grade of a fund that is fully invested in securities. In representing the general Fund profile through derivatives, the general Fund profile will be implemented through the replacement of direct investments in securities, for example, by investment in derivatives, which normally will not have a substantial effect on the general Fund profile. The possible rather extensive use of derivatives to increase the level of investment grade of the Fund may - in comparison with the general Fund profile - lead to additional rather very high opportunities and risks. In this context, the Fund management follows a risk-controlled approach.

## **THE USE OF TECHNIQUES AND INSTRUMENTS AND SPECIAL RISKS ASSOCIATED WITH SUCH USE**

The Management Company may use techniques and instruments as defined in Article 4 and 5 of the management regulations, in particular derivatives as defined in Article 5 of the management regulations, in accordance with the investment restrictions of the Fund for the purpose of efficient portfolio management (including transactions entered into for hedging purposes and for speculative purposes). In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of cost and the generation of additional capital or income for the Fund with a level of risk that is consistent with the risk profile of the Fund. The Management Company may also enter into market-contrary transactions, which could lead to gains for the Fund if the prices of the underlying securities fall, or to losses for the Fund if the prices rise.

The 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.

Techniques and instruments must be used for the purpose of efficient portfolio management in which the following requirements must be met:

- a) They are economically appropriate such that they can be used cost-effectively;

- b) They are used with one or more of the following specific goals:
  - Risk reduction;
  - Cost reduction;
  - Generation of additional capital or income for the Fund with a risk corresponding to the risk profile of the Fund and the risk diversification rules as defined in Article 5 of the management regulations;
- c) Their risks are measured appropriately by the Fund's risk management system.

The use of techniques and instruments may not

- a) result in a change to the Fund's stated investment objective; or
- b) involve significant additional risks in comparison with the original risk strategy described in the prospectus.

Insofar as transactions for efficient portfolio management are undertaken on behalf of the Fund, they must be taken into account when developing the risk management process for liquidity risks in order to ensure that the Fund can comply with its repurchase commitments at all times.

## **Derivatives**

The Management Company may use a wide range of derivatives, which may also be combined with other assets when appropriate. In addition, the Management Company may also acquire securities and money-market instruments in which one or more derivatives are embedded. Derivatives are based on underlying securities, which may be permissible instruments as defined in Article 5 of the management regulations or financial indices, interest rates, exchange rates or currencies. These include in particular futures, options, financial futures and swaps as well as combinations thereof, including equivalent instruments settled in cash, which are traded on a stock exchange or regulated market, and/or derivative financial instruments that are not traded on such markets ("OTC derivatives"), if the underlying securities are assets that may be acquired for the Fund or are financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC, interest rates, exchange rates or currencies in which the Fund may invest in accordance with its investment objectives.

The financial indices within this meaning include, specifically; currency, exchange-rate, interest-rate, price and total interest-rate return indices, as well as, in particular, bond and equity indices and indices on the permissible instruments listed in Article 5 of the management regulations, as well as commodity futures, precious metal and commodity indices.

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 counterparties must be top-rated financial institutions specialised in such transactions, and additionally must hold a rating from a recognised rating agency (such as Moody's, S&P or Fitch) of at least Baa3 (Moody's), BBB- (S&P or Fitch). They must be subject to prudential supervision.

There are no further restrictions relating to the legal status or the country of origin.

- 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.
- Transactions are subject to the Management Company's policy as described in the following chapter entitled "Principles relating to collateral management".
- The Management 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 investors. The use of OTC derivatives is particularly advantageous if it facilitates a hedging of assets at matching maturities, thus being less expensive.

Examples of the functioning of selected derivatives, which the Fund and, if applicable, unit classes can use, depending on the form of the relevant investment guidelines:

#### Options

The purchase of a call or put option is the right to buy or sell a specific underlying security for a fixed price at a future time or within a specific period of time, or to enter into or cancel a specific contract. This requires payment of an option premium, which is incurred regardless of whether the option is exercised.

The writing of a call or put option, for which the writer (seller) receives an option premium, involves the obligation to buy or sell a specific underlying security for a fixed price at a future time or within a specific period of time, or to enter into or cancel 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 Fund's portfolio and/or clear the contracts for the 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 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 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 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 Fund can take advantage of movements in credit spreads without having exposure to interest rate risk in that market.

#### Forward transactions / Forward Contracts

A forward contract is a mutual agreement that entitles or obliges the contracting parties to buy or deliver a specific underlying security at a certain time at a pre-determined price, or to make an appropriate cash settlement. Generally, only a fraction of the contract value generally needs to be put down immediately (“margin”).

#### Contract for Difference

A contract for difference is a contract between the Management 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 type of transaction in which the securities underlying the transaction are exchanged among the contracting partners. The Management Company may in particular enter into interest-rate, currency, equity, bond and money market-related swap transactions as well as credit default swaps on behalf of the Fund within the framework of the investment principles. The payments due from the Management Company to the counterparty and vice versa are calculated by reference to the specific instrument and an agreed-upon nominal amount.

Credit default swaps are credit derivatives enabling any credit default risk to be transferred to other parties from an economic viewpoint. Credit default swaps may be used, among other things, to hedge creditworthiness risks arising from bonds acquired by the Fund (e.g. government or corporate bonds). Usually the contracting partner may be obliged to buy the underlying bond at an agreed price or pay a cash settlement when a previously defined event, such as the insolvency of the issuer, occurs. The buyer of the credit default swap pays a premium to the counterparty as consideration for accepting the risk of credit default.

#### OTC derivative transactions

The Management Company may conduct both transactions in derivatives which are admitted to official trading at a stock exchange or included in another organised market, as well as over-the-counter transactions (OTC transactions). In OTC transactions, the counterparties conclude non-standardised agreements that are directly negotiated in each particular case, laying down the rights

and obligations of the contracting partners. OTC derivatives are often only liquid to a limited extent 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, par amount, 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 the Fund's assets is an attempt to reduce the economic risk inherent in an asset of the Fund to the greatest extent possible. At the same time, however, there is a possible risk that the Fund will no longer be able to participate in a positive development of the hedged asset.

The Fund incurs additional risks by using derivatives to increase returns in pursuing the investment objective. These risks depend on the characteristics of both the respective derivative and the underlying security. Derivative positions may be subject to leverage effects, such that even a small investment in derivatives can have a substantial, and possibly negative, impact on the performance of the Fund.

Any exposure to derivatives is associated with investment risks and transaction costs to which the Fund would not be subject if these strategies had not been employed.

An investment in derivatives is associated with specific risks and there is no guarantee that a particular assumption on the part of Investment Manager will actually apply or that an investment strategy using derivatives will be successful. The use of derivatives may be associated with considerable losses or, depending on the structure of the derivative used, theoretically even unlimited losses. The risks chiefly involve general market risk, performance risk, liquidity risk, creditworthiness risk, settlement risk, risk of changes in underlying conditions and counterparty risk. In this respect the following can be highlighted:

- Derivatives that are used may be flawed, or valued differently due to differing valuation methods.
- The correlation between the values of the derivatives used on the one hand and the price movements in the positions being hedged on the other, or the correlation of different markets/positions with derivative hedging using underlying securities that do not correspond exactly to the hedged position may be imperfect, with the result that complete hedging of risk is sometimes not possible.
- The possible absence of a liquid secondary market for a specific instrument at a pre-defined time may result in it not being possible to neutralise (close) 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 fluctuations in price. For this reason, when OTC derivatives are used it may be the case that these derivatives cannot be sold or closed at a reasonable time and/or at a reasonable price.
- There may be the risk of not being able to buy or sell the securities underlying the derivative instruments at a time when it would be favourable to do so, or being compelled to buy or sell the

underlying assets at a disadvantageous time.

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 Fund 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 Fund adheres to its investment limits as set out in (i) the Fund's investment objective, and (ii) in the Fund's investment principles. The use of such techniques and instruments should not result in a change of the declared investment objective of the Fund or substantially increase the risk profile of the 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 Fund are not precisely matched.

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

#### **Securities (Reverse) Repurchase Agreements, Securities Lending**

Securities (reverse) repurchase agreements and securities lending transactions are not concluded for the Fund.

#### **Buy/sell-back agreements/sell/buy-back agreements/Lombard loan transactions**

Buy/sell-back agreements and/or sell/buy-back agreements are not concluded for the Fund.

Lombard loan transactions and margin lending transactions are not concluded for the Fund.

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

The Management Company acting on behalf of the Fund may enter into TRS in accordance with the requirements as set out in the Securities Financing Transactions Regulation. TRS 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. TRS may be used, among other things, to exchange the performance of 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 described in more detail in the Fund's investment restrictions. If TRS are used, the counterparties have no influence on the composition or administration of the respective underlying. The selected counterparties comply with the requirements of Article 3 of the Securities Financing Transactions Regulation.

In addition, the Fund may enter into financial instruments with similar characteristics to a TRS (so called "contracts for differences" or "CFD"). CFDs are derivatives that allow traders to take advantage of prices moving up (long positions) or prices moving down (short positions) on all underlying financial instruments. A CFD is a tool of leverage with its own potential profits and losses. By using

CFDs, the Fund may enter the global markets without directly dealing with shares, indices, commodities or currency pairs.

### Securities Financing Transactions Regulation

The Fund may enter into the following transactions:

- ) TRS/CFDs as set out in the section **“Total Return Swaps (TRS) and financial instruments with similar characteristics”**.

The Fund may enter into TRS/CFDs for investment purposes and for efficient portfolio management. TRS are used as risk-neutral substitutes for physical securities or to obtain exposure in markets where no physical securities are available, such as an interest rate index. These instruments are typically used as a substitute for physical bonds, to take advantage of relative value opportunities, and to modify or hedge risk in portfolios.

In this context, efficient portfolio management purposes include: the reduction of risk, the reduction of costs and the generation of additional capital or income for the Fund with a level of risk that is consistent with the risk profile of the Fund.

If the Fund invests in TRS and/or CFDs, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the Fund’s specific asset class principles, individual investment objective and investment restrictions.

Both, the maximum and the expected proportion of the Net Asset Value of the Fund can be subject to TRS / CFS as set out below.

TRS and CFDs (summed up)	Securities Lending	Repo/Reverse Repo
Expected/Maximum Proportion of NAV (%)		
0/30	0/0	0/0

According to the requirements of the Securities Financing Transaction Regulation the expected proportion as set out above is not a limit and the actual percentage may vary over time depending on factors including, but not limited to, market conditions. The maximum figure as set out above is a limit.

The Fund shall only enter into TRS/CFDs with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in this section.

The underlyings of TRS/CFDs are securities which may be acquired for the Fund or financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC, interest rates, foreign exchange rates or currencies in which the Fund may invest in accordance with its investment policy.

The categories of collateral which may be received by the Fund are set out in section “Principles relating to collateral management” and include cash and non-cash assets such as equities, interest-bearing securities and money market instruments. Collateral received by the Fund shall be valued in

accordance with the valuation methodology set out in the section “Determination of the Net Asset Value of Units”.

Where the Fund receives collateral as a result of entering into TRS/CFDs, there is a risk that the collateral held by the Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to the Fund to hedge a counterparty’s obligations under a TRS would satisfy the counterparty’s obligations in the event of a default by the counterparty. Where the Fund provides collateral as a result of entering into TRS/CFDs, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to TRS/CFDs, see section “The use of techniques and instruments and special risks associated with such use”.

The Fund may provide certain of its assets as collateral to counterparties in connection with TRS/CFDs. If the Fund has over-collateralised (i.e. provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty’s insolvency. If the Depositary or its sub-depositary or a third party holds collateral on behalf of the Fund, the Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into TRS/CFDs which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to specific restrictions, the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund will be exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

#### **Possible impact of the use of techniques and instruments on the Fund's performance**

The use of techniques and instruments may have positive or negative effects on the Fund's performance.

The Fund may use derivatives for hedging purposes. This may be reflected in the Fund's risk profile in the form of lower opportunities and risks. Hedging can be used, in particular, to reflect the different currency-hedged unit classes and thus influence the risk profile of the respective unit class.

The Fund may also use derivatives in a speculative sense to increase returns in pursuing the investment objective, in particular, to represent the Fund's risk profile and to increase the level of investment above the level of investment of a fund that is fully invested in securities. In representing the risk profile through derivatives, direct investments in securities, for example, are replaced by derivatives or – helping to shape the Fund's risk profile – certain components of the Fund's investment objectives and principles may even be realised on the basis of derivatives, e.g. by implementing currency positions through derivatives, which normally does not have a substantial effect on the Fund's risk profile. In particular, if the Fund's investment objective states that, with the objective of achieving

additional returns, the investment manager 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 Fund employs derivatives to increase the level of investment, it does so in order to achieve a medium- to long-term risk profile that may have considerably higher market risk in relation to a fund with a similar profile that does not invest in derivatives. The investment manager follows a risk-controlled approach in the use of derivatives.

Where the Fund receives collateral as a result of entering into total return swaps, there is a risk that the collateral held by the Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to the Fund to secure a counterparty's obligations under a total return swap would satisfy the counterparty's obligations in the event of a default by the counterparty. Where the Fund provides collateral as a result of entering into total return swaps, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

The Fund may provide certain of its assets as collateral to counterparties in connection with total return swaps. If the Fund has over-collateralised (i.e. provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty's insolvency. If the Depositary or its sub-custodian or a third party holds collateral on behalf of the Fund, the Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into total return swaps which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down in the section entitled "Principles relating to collateral management", the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

Direct and indirect operational costs and fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the Fund. These costs and fees do not and 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 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 or the Investment Manager.

#### **Principles relating to collateral management**

When entering into transactions involving OTC derivatives and when using techniques for efficient portfolio management, the Management Company observes the following principles in accordance with CSSF Circular 14/592 of 30 September 2014, insofar as collateral is used to reduce the

counterparty risk. Unless it is absolutely essential from a legal viewpoint to collateralise transactions involving OTC derivatives, the amount of collateral required is at the discretion of the investment manager.

The risk positions that result for a counterparty from transactions involving OTC derivatives and techniques for efficient portfolio management must be combined when calculating the limits for the counterparty risk.

All assets that the Fund receives in connection with techniques for efficient portfolio management shall be regarded as collateral for the purposes of the principles listed below, and must meet the criteria indicated in this section.

- Liquidity: All collateral received that is not in the form of cash must be highly liquid and traded at a transparent price on a regulated market or within a multilateral trading system. This is to ensure that the collateral can be sold at short notice at a price close to the valuation established prior to the sale. The collateral received may only be composed of eligible assets.
- Valuation: The collateral received must be valued at least every trading day. Assets whose price is highly volatile may be accepted as collateral only if suitable conservative haircuts are applied.
- Credit rating of the issuer: The issuer of the collateral received must have a high credit rating.
- 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 Fund according to its investment policy.
- Correlation: Collateral received should be issued by a legal entity that is independent of the counterparty and whose performance is not highly correlated to the performance of the counterparty.
- Diversification of the collateral (investment concentration): It must be ensured that the collateral is appropriately diversified with regard to countries, markets and issuers. The criterion of appropriate diversification in relation to issuer concentration is regarded as fulfilled if the Fund, when conducting efficient portfolio management or transactions involving OTC derivatives, receives from a counterparty a collateral basket in which the exposure to any particular issuer is no higher than 20% of the Fund's net asset value. If the Fund has different counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for exposure to any single issuer.
- The Fund should have the option of liquidating the collateral it has received, at any time, without referring to the counterparty or obtaining approval from the counterparty.
- Non-cash collateral may not be sold, re-invested or pledged.
- Cash collateral may only
  - be invested as deposit with legal entities as defined in section I.3, Article 5 of the management regulations;
  - be invested in high-quality government bonds; or
  - be invested in money-market funds with a short maturity structure as defined in CESR's

“Guidelines on a common definition of European money market funds”.

In line with the requirements for risk diversification, reinvested cash collateral should be spread across non-cash collateral. The reinvestment of cash collateral does not release the Fund from its obligation to repay cash collateral in the full amount, i.e. potential losses resulting from the reinvestment shall be borne by the Fund.

Risks related to collateral management, e.g. operational and legal risks, must be identified, managed and reduced through risk management.

In the event of transfers of rights, the collateral should be held in safekeeping by the Fund's Depositary. In the case of other types of collateral agreements, collateral can be held in safekeeping by a third party which is subject to supervision and is not affiliated with the collateral provider.

The Fund has a clearly defined 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 Management 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 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 (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 Fund.

## **RISK FACTORS**

**THE FUND'S INVESTMENTS ARE SUBJECT TO MARKET RISKS AND TO THE FLUCTUATION IN MARKETS AND THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVE WILL BE ACHIEVED. MORE SPECIFICALLY THE INVESTORS' ATTENTION IS DRAWN TO THE FOLLOWING:**

- Whereas a decline of the interest rates in the markets and a resulting rise of the value of debt securities may positively affect the Net Asset Value of the Fund, Unitholders should be aware that, similarly, a rise of the interest rates may negatively affect the Net Asset Value of the Fund.



- The value of high yield bonds may, due to their more volatile nature, fluctuate in an important manner and this may result in a correspondent increased volatility of the Net Asset Value of the Fund.
- In case of an improvement of the creditworthiness of the issuer of high yield bonds, the demand for such bonds and their price may rise. A decrease in the creditworthiness of the issuer may similarly result in a reduction of the value of the bonds it has issued.

Under its investment policy and restrictions, the Fund may invest in emerging markets and concentrate investments in government debt securities and instruments issued by certain emerging countries within the limits set forth in the Investment Restrictions. Unitholders should be aware that investments in emerging countries carry a higher degree of risk than that normally associated with investment in more developed markets. In particular, investments in such markets may be affected by changes in government policies including changes in economic policy, taxation, restrictions on foreign investment and on foreign currency repatriation.

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

To the extent the Fund invests in interest bearing securities, it is exposed to risk of interest rate changes. If the market interest rate increases, the price of the interest bearing securities included in the Fund may drop significantly. This applies to an even greater degree if the Fund also holds interest-bearing securities with a longer time to maturity and a lower nominal interest return.

### **Risk of interest being charged on deposits**

The Management Company keeps the liquid assets of the Fund with the Depositary or a duly appointed sub-custodian for account of the Fund. 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 Fund. Such interest charges may adversely impact the net asset value of the Fund.

### **Creditworthiness Risk:**

The creditworthiness (solvency and willingness to pay) of the issuer of a security held by the Fund may subsequently fall. This usually leads to drops, which surpass drops in price caused by the general market fluctuations.

### **General Market Risk:**

To the extent the Fund invests in equities, even if indirectly, it is exposed to various general trends and tendencies in the economic situation as well as in the markets, especially in the equities markets, which are partially attributable to irrational factors. Such factors may lead to a more significant and longer lasting decline in prices affecting the entire market. Securities of top-rated issuers are exposed to general market risk in basically the same manner.

### **Company-Specific Risk:**

The price development of the investments in corporate issuers held by the Fund is also dependent on company-specific factors, for example, the issuer's business situation. If the company-specific factors deteriorate, the price of the specific security may drop significantly and enduringly, possibly even without regard to an otherwise generally positive stock market trend.

**Risk of Settlement Default:**

The issuer of a security held by the Fund or the debtor of a claim belonging to the Fund may become insolvent. This could result in the corresponding assets of the Fund becoming economically worthless.

**Counterparty Risk:**

To the extent transactions for the Fund are not handled through a stock exchange or a regulated market ("OTC trades"), there is the risk that the counterparty of the trade may default or not completely fulfil its obligations. This applies in particular to trades involving techniques and instruments. Any default on the part of the counterparty may result in losses for the Fund. It is possible to reduce this risk to a substantial extent, however, by accepting collateral from the counterparty in accordance with the Fund's principles relating to collateral management as described below, particularly with regard to OTC derivatives.

**Country and Transfer Risk:**

Economic or political instability occurring in countries in which the Fund is invested may result in the Fund not receiving the full amount of monies to which it is entitled despite the solvency of the issuer of the respective security. Currency or transfer limitations or other legal changes, for example, may be of significance in this regard.

**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.

**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 Depositary or at external third parties. These risks can affect the performance of a Sub-Fund, can thus also adversely affect the net asset value per share and the capital invested by the shareholder.

**Regulatory Risks and Accounting Standards:**

The degree of market regulation in the emerging markets is generally less stringent than in more mature markets. In general, emerging markets securities are substantially less liquid than securities

that trade in the developed markets. This may adversely affect the timing and pricing of the acquisition and disposal of securities. Emerging markets companies are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those in the developed markets. Investments in emerging markets can be adversely affected by political and economic changes. The ability of some of the issuers to repay principal and interest may be uncertain and there is no assurance that any particular issuer(s) will not default.

### **Ratings of Securities-Sovereign and Corporate Debt:**

The Fund may invest in emerging markets debt investments and/or the high yield debt investments issued by sovereign or corporate issuers. The ratings of these debt investments may be considered by international credit rating agencies such as Moody's or S&P to be below investment grade and accordingly may have a higher degree of risk than debt investments of investment grade.

### **Custodial Risk in Emerging Markets:**

Investments in emerging markets are currently subject to certain heightened risks with regard to the ownership and custody of securities. In certain countries, ownership is evidenced by entries in the books of a company or its registrar (which is neither an Agent nor responsible to the Depositary). No certificates representing ownership of companies will be held by the Depositary or any of its local correspondents or in an effective Central Depository system. As a result of this system and the lack of effective state regulation and enforcement, the Fund, outside its complete control, could lose its registration and ownership of investments through fraud, negligence or even mere oversight.

### **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.

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

As a result of local provisions, assets held by the 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 Fund's assets, cashflow-free restructuring of the Fund's assets, changes related to settlement and dividends, interest and other income received by the Fund. Certain taxes or charges, for example all charges collected under the FATCA (Foreign Account Tax Compliance Act – for more details refer to "Tax Status"), may be collected in the form of a withholding tax or a retention when paying out or forwarding payments.

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

The Management Company or its delegate, acting on behalf of the Fund, 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 Management Company or its delegate's claim on behalf of the Fund for delivery or redemption of collateral against a counterparty. The Management Company or its delegate, acting on behalf of the Fund, 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 Management Company or its delegate, acting on behalf of the Fund, is obligated to redeem the collateral at the amount initially granted. Therefore, the Management Company or its delegate, acting on behalf of the Fund, 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 Management Company or its delegate 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 Management Company or its delegate's claim for delivery or transfer back of collateral against a counterparty.

### **RISK PROFILE OF THE FUND**

Considering the above-mentioned circumstances and risks, the Fund (compared with other fund types) contains opportunities and risks associated with the bond markets, primarily resulting from the possibility of changes in interest rates, ratings and currencies. In addition to the risks resulting from these possible changes, company-specific risk, general market risk, sustainability risk, legal risk and operational risk as well as the risk of settlement default and counterparty risk and the tax risks from hedging transactions for major investors should also be stressed. There are no investment restrictions on very short maturities and residual maturities. While fund management can usually offset declines in market prices arising from interest rate increases by investing in higher-interest securities, such adjustments require a relatively longer period of time. In contrast, there do exist opportunities for returns exceeding those of short-term interest-bearing investments. Country and transfer risks as well as Risk of taxation or other charges as a result of local provisions related to the assets held by the Fund may become relevant to a lesser extent.

In relation to OTC derivatives and total return swaps, investors must notably be aware of the risk associated with the receipt of collateral and the risk associated with collateral management.

### **RISK MANAGEMENT PROCEDURE**

The Management Company will calculate the global exposure of the Fund. The Management Company will use the relative Value-at-Risk (VaR) approach for the Fund. The VaR of the Fund is limited by twice the VaR of a reference portfolio. The relevant reference portfolio of the Fund consists of 80% JP Morgan EMBI Plus + 20% ICE BofA US Treasury Current Coupon 5-Year (GA05). The Fund's 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. Unitholders 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 Fund. The expected level of leverage of the Fund based on the use of derivatives may vary between 0 and 2.

## **INVESTOR PROFILE**

Allianz PIMCO High Yield Income Fund is aimed at investors who pursue the objective of general capital formation/asset optimization. It may not be suitable for investors who wish to withdraw their capital from the Fund within a timeframe of 4 years. Allianz PIMCO High Yield Income Fund is aimed at investors with advanced 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, please refer to the web page <https://regulatory.allianzgi.com>.

## **MANAGEMENT COMPANY AND UCI ADMINISTRATION AGENT**

The Management Company of the Fund is Allianz Global Investors GmbH. In order to carry out its function as UCI Administration Agent, Allianz Global Investors GmbH acts through its Luxembourg Branch.

Allianz Global Investors GmbH is an investment management company within the meaning of the Investment Code (Kapitalanlagegesetzbuch - "KAGB"). It was established in 1955 under German law in the legal form of a Gesellschaft mit beschränkter Haftung ("GmbH" – limited liability company). The registered office of Allianz Global Investors GmbH is in Frankfurt/Main. The subscribed and paid-in capital of Allianz Global Investors GmbH was EUR 49,900,900 as at 31 December 2023. Allianz Global Investors GmbH has a functional organisational structure. In addition to its head office in Germany, it has several branches, including one in Luxembourg. Employees at the branch in Luxembourg currently perform the following duties in particular: risk management, product administration and operations (operational support for the fund products and processes).

In its capacity as Management Company, Allianz Global Investors GmbH invests the capital raised by the Fund as specified in the Management Regulations and this Prospectus. The Management Company is responsible for the administrative tasks required by Luxembourg law, in particular for the preparation of distribution notices, for processing and dispatching the offering document, for preparing financial statements and other investor relations documents, for liaising with the administrative authorities, investors and all other interested parties.

As indicated above, Allianz Global Investors GmbH, acting through its Luxembourg Branch, also assumes the functions of the UCI Administration Agent for the Fund.

The UCI Administration activity may be split into three functions:

- **the registrar and transfer function,**

which encompasses all tasks necessary to the maintenance of the Fund's unitholder register. The reception and execution of orders relating to subscription and redemption applications, and the distribution of income (including the liquidation proceeds) are part of the registrar and transfer function;

- **the NAV calculation and accounting function,**  
which covers the legal and fund management accounting services and, the valuation and pricing (including tax returns); and
- **the client communication function,**  
which is comprised of the production and delivery of the confidential documents intended for investors.

The UCI Administration Agent is responsible for the (i) registrar and transfer function, the (ii) NAV calculation and accounting function, and the (iii) client communication function.

Allianz Global Investors GmbH 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 or the investment manager, if management of the Fund was outsourced to an investment manager, may also enter into transactions for a fund in which affiliated companies act as broker or act on the account of their customers. This also applies to cases in which affiliated companies or their customers act along the lines of transactions for this Fund.

Allianz Global Investors GmbH in its capacity as UCI Administration Agent has transferred

- (i) the registrar and transfer function and
- (ii) the NAV calculation and accounting function

to State Street Bank International GmbH, Luxembourg Branch, as outsourcing company, which may use the services of third parties.

State Street Bank International GmbH, Luxembourg Branch, is also the Depositary of the Fund.

State Street Bank International GmbH, Luxembourg Branch, is referred to – as far as the registrar and transfer function is regarded – as the "Registrar and Transfer Agent". In this function, State Street Bank International GmbH, Luxembourg Branch is responsible for issuing and redeeming Units, keeping the register of Unitholders and auxiliary services associated therewith.

The investment manager is entitled to be advised by third parties, particularly investment advisors, at its own expense and on its own responsibility, and to delegate some of its tasks to third parties.

Against this background, Allianz Global Investors GmbH in its function as Management Company has outsourced investment management of the Fund at its own expense. Further details are provided in the section entitled "Investment Manager".

In addition, Allianz Global Investors GmbH has transferred, at its own expense, the determination of risk figures, performance figures and Fund structural data to IDS GmbH – Analysis and Reporting

Services, Munich, Federal Republic of Germany, as outsourcing company, which may use the services of third parties.

## FUNDS MANAGED BY ALLIANZ GLOBAL INVESTORS GMBH

At the date of this Prospectus Allianz Global Investors GmbH managed the following investment funds:

Fondsname	Fondsname	Fondsname
Allianz Advanced Fixed Income Euro Aggregate	Allianz Stiftungsfonds	SK Europa
Allianz Euro Cash	Allianz Strategie 2036 Plus	SK Themen
Allianz Euro Credit SRI Plus	Anlagestruktur 1	SK Welt
Allianz FinanzPlan 2025	Best-in-One	VermögensManagement AktienStars
Allianz FinanzPlan 2030	CB Fonds	VermögensManagement Balance
Allianz FinanzPlan 2035	MetallRente FONDS PORTFOLIO	VermögensManagement Chance
Allianz FinanzPlan 2040	money mate defensiv	VermögensManagement DividendenStars
Allianz FinanzPlan 2045	money mate entschlossen	VermögensManagement RenditeStars
Allianz FinanzPlan 2050	money mate moderat	VermögensManagement RentenStars
Allianz Global Strategy Dynamic	money mate mutig	VermögensManagement Substanz
Allianz Money Market US \$	OLB VV-Optimum	VermögensManagement Wachstum
Allianz Multi Asset Risk Control	PremiumMandat Balance	VermögensManagement Wachstumsländer Balance
Allianz PIMCO High Yield Income Fund	PremiumMandat Dynamik	

as well as three investment companies established in the legal form of a *Société d'Investissement à Capital Variable* (SICAV). Additionally, Allianz Global Investors GmbH manages undertakings for collective investment in transferable securities (UCITS) in accordance with German, French and Italian law as well as Special-AIF[s] in accordance with German law and AIF[s] according to French and Luxembourg law.



## **INVESTMENT MANAGER**

The Management Company has transferred fund management at its own expense to PIMCO Europe GmbH, Munich, Federal Republic of Germany ("PIMCO"). PIMCO is a financial services company established under German law as a limited liability company under the supervision of the Bundesanstalt für Finanzdienstleistungsaufsicht, Frankfurt/Main, Federal Republic of Germany. It is also part of the Allianz Group.

The role of the Investment Manager is 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. The Investment Manager is at all times subject to the investment objectives and policy set out in the Prospectus, Management Regulations, the investment restrictions for the Fund and any other applicable legal restrictions.

The Investment Manager has full investment discretion over the assets of the Fund. The 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 the Prospectus.

## **DEPOSITARY**

The Management Company has appointed State Street Bank International GmbH, acting through its Luxembourg Branch as the Depositary of the Fund 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 Management 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 Units are carried out in accordance with applicable law and the Management Regulations.
- ensuring that the value of the Units is calculated in accordance with applicable law and the Management

## Regulations.

- carrying out the instructions of the Management Company unless they conflict with applicable law and the Management Regulations.
- ensuring that in transactions involving the assets of the Fund any consideration is remitted within the usual time limits.
- ensuring that the income of the Fund is applied in accordance with applicable law and the Management Regulations.
- monitoring of the Fund's cash and cash flows
- safe-keeping of the Fund'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 Fund and its Unitholders.

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 Management Company on behalf of the 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 Unitholders may invoke the liability of the Depository directly or indirectly through the Management Company provided that this does not lead to a duplication of redress or to unequal treatment of the Unitholders.

The Depository will be liable to the Management Company and the Unitholders for all other losses suffered by them or by the Fund 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 depositary agreement.

The Depositary 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 of the Depositary 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 Depositary 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 Depositary or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Management Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Management 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 Management 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 Management Company;
- (iv) may provide the same or similar services to other clients including competitors of the Management Company;
- (v) may be granted creditors' rights by the Management Company which it may exercise.

The Management Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Management Company. The affiliate will seek to

profit from these transactions and is entitled to retain and not disclose any profit to the Management Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Management Company.

Where cash belonging to the Management 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.

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 Unitholders on request.

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.

Bank International GmbH, Luxembourg Branch, under the responsibility of the Management Company, assumes substantial functions of UCI administration and other duties, particularly fund accounting and NAV calculation as well as the function of Registrar and Transfer Agent.

## **MANAGEMENT REGULATIONS AND INVESTMENT RESTRICTIONS**

By acquiring Units in the Fund, every Unitholder approves and fully accepts that the Management Regulations shall govern the relationship between the Unitholders, the Management Company and the Depositary.

Subject to the approval of the Depositary, the Management Regulations may be amended by the Management Company at any time, in whole or in part.

Amendments to the Management regulations are lodged with the Register of Commerce and Companies of Luxembourg. A reference to the deposit will be published in the RESA.

While managing the assets of the Fund, the Management Company or its appointed agents, shall, as provided in the Management Regulations, comply with the following restrictions.

I. The Management Company shall principally invest the Fund's assets in the assets named below:

1. Transferable securities and money market instruments that

- are traded on a stock exchange or another regulated market of a member state (as defined in the Law) or of a third country, which is recognised and open to the public and whose operations are in proper order, or
- originate from new issues whose conditions of issue contain the obligation to apply for admission to official trading on a stock exchange or on another regulated market as defined in 1., first indent and the admission for 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.

2. Units of Undertakings for Collective Investment in Transferable Securities in accordance with Directive 2009/65/EC or other Undertakings for Collective Investment as defined by Article 1 (2), first and second indent of Directive 2009/65/EC, with registered offices in a member state or a third country, if

- such other Undertakings for Collective Investment are admitted in accordance with legal regulations which subject them to official supervision, which in the opinion of the CSSF are equivalent to those of the Community law, and that the cooperation between authorities is sufficiently ensured;
- the level of protection for the unitholders of other Undertaking for Collective Investment is equivalent to the level of protection for the unitholders of an Undertaking for Collective Investment in Transferable Securities and in particular is equivalent to the requirements of Directive 2009/65/EC for the separate safekeeping of the Fund assets, borrowing, lending and short sales of transferable securities and money market instruments;

- the Undertakings for Collective Investment issue annual and semi-annual reports that make it possible to form a judgment concerning the assets and liabilities, the income and transactions in the relevant reporting period;
  - the Undertaking for Collective Investment in Transferable Securities or the Undertaking for Collective Investment, the units of which are to be acquired, may invest a maximum of 10% of its assets in units of Undertakings for Collective Investment in Transferable Securities or other Undertakings for Collective Investment.
3. Demand deposits or deposits subject to call with a maximum term to maturity of 12 months at financial institutions, provided the financial institution in question has its registered office in a member state or if the registered office of the financial institution is located in a third country, is subject to supervisory provisions, which in the opinion of the CSSF are equivalent to those of the Community law. The deposits may be denominated in all currencies permitted by the Fund's investment policy.
  4. Derivative financial instruments, i.e., in particular futures, forwards, options and swaps ("derivatives") including equivalent cash-settled instruments, which are traded on regulated markets described in the first indent, or derivative financial instruments that are not traded on a stock exchange ("OTC derivatives"), provided that the underlyings are instruments as defined in section I., or financial indices, interest rates, exchange rates or currencies in which the Fund may invest in accordance with its investment policy.

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

- the counterparties to OTC derivatives transactions are top-rated financial institutions, specialised in such transactions and are institutions subject to prudential supervision and belonging to categories which are approved by the CSSF;
  - the OTC derivatives must be subject to a reliable and verifiable evaluation on a daily basis and may be sold, liquidated or closed out by an offsetting transaction at any time at the proper market value at the Fund's initiative.
5. Money market instruments that are not traded on a regulated market and do not fall under the aforementioned definition, if the issue or the issuer of these instruments is itself subject to regulations concerning deposit and investor protection, provided they are
    - 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 state belongs; or
    - issued by a company whose securities are traded on the regulated markets described in the first indent; or
    - issued or guaranteed by an institution that is subject to official supervision in accordance with criteria set down in the European Union law, or an institution that is subject to supervisory provisions, which in the opinion of the CSSF, are at least equivalent to the European Union 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 point 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.

II. On behalf of the Fund, the Management Company is permitted to invest up to 10% of the Fund's assets in transferable securities and money market instruments other than those listed in section I.

III. 1. On behalf of the Fund, the Management Company shall be authorised to purchase transferable securities or money market instruments of an issuer, provided that the value of such transferable securities or money market instruments and the value of securities issued by the same issuer which are already contained in the Fund shall not exceed 10% of the Fund's net assets at the time of purchase. The Management Company, on behalf of the Fund, may invest a maximum of 20% of its net assets in deposits at one institution. The counterparty risk with OTC derivatives may not exceed 10% of the Fund's net assets if the counterparty is a financial institution within the meaning of section I.3. For other cases, the maximum limit is 5% of the Fund's net assets. The aggregate value of transferable securities and money market instruments of issuers where the Fund has invested more than 5% of its net assets in transferable securities and money market instruments of the same issuer shall not exceed 40% of the Fund's net assets. This limitation does not apply to deposits and to transactions with OTC derivatives that are effected with financial institutions that are subject to government supervision.

Irrespective of the individual investment limits cited above, the Management Company, on behalf of the Fund, may invest a maximum of 20% of its net assets with one and the same institution in a combination consisting of

- transferable securities or money market instruments issued by that institution,
- deposits with that institution and/or
- exposure arising from OTC derivatives transactions undertaken with that institution.

2. If the purchased transferable securities or money market instruments are issued or guaranteed by a member state or its central, regional or local authorities, a third country, or by international organisations under public law to which one or more member states belong, the limitation in 1., first sentence, is increased from 10% to 35% of the Fund's net assets.

3. 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 limitations stated in 1., first and fifth sentences, shall be 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.

4. The transferable securities and money market instruments cited in 2. and 3. shall not be considered when applying the 40% investment limit provided in 1., sentence 5. The limitations in

1. to 3. shall 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, in accordance with points 1. to 3. may not exceed 35% of the 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, shall be regarded as one issuer when calculating the investment limits in 1. to 4.

5. Irrespective of the investment limits set down in 8. following, the limits stated in 1. to 4. for investments in equities and/or debt instruments of one issuer amount to a maximum of 20% if the objective of the Fund's investment strategy is to emulate a specific equity or debt instrument index recognised by the CSSF. A precondition for this is 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 set down in sentence 1 is 35% provided this is justified based on exceptional market conditions, and in particular on regulated markets on which certain transferable securities or money market instruments are in a strongly dominant position. An investment up to this limit is only possible with a single issuer.

6. **Notwithstanding the above provisions, the Management Company, on behalf of the Fund, is authorised to invest up to 100% of the Fund's net assets, in accordance with the principle of risk spreading, in transferable securities and money market instruments issued or guaranteed by a Member State, its local authorities, or by another member State of the OECD, Singapore or any member state of the G20, or by public international bodies of which one or more Member States of the EU are members, provided that the Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the Fund's net assets.**

7. The Management Company, on behalf of the Fund, may purchase units of other Undertakings for Collective Investment in Transferable Securities or other Undertakings for Collective Investment as defined in section I.2. if it does not invest more than 20% of its net assets in one Undertaking for Collective Investment in Transferable Securities or Undertaking for Collective Investment.

In applying these investment limits (provided in section III. 1. to 7.), each sub-fund of an umbrella fund as defined by the Law must be regarded as an independent fund if the principle of separate liability of each sub-fund to third parties applies.

Investments in units of other Undertakings for Collective Investment than Undertakings for Collective Investment in Transferable Securities may not exceed a total of 30% of the Fund's net assets. If the Management Company, on behalf of the Fund, has acquired units of an Undertaking for Collective Investment in Transferable Securities or an Undertaking for Collective Investment, the investment values of the Undertaking for Collective Investment in Transferable Securities or Undertaking for Collective Investment are not considered with regard to the investment limits stated in 1. to 4.

If the Management Company, on behalf of the Fund, acquires units of an Undertaking for



Collective Investment in Transferable Securities or an Undertaking for Collective Investment, which are managed directly or indirectly by the same Management Company or a different company associated with the Management Company by common management or control or by a substantially direct or indirect investment, neither the Management Company nor the associated company may charge fees for the subscription or redemption of the units. The acquisition of target fund units will be limited to 10% of the Fund's net assets.

If the 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.

8. The Management Company, acting in connection with the Fund and all of the common funds which it manages and which fall within the scope of Part I of the Law, may not acquire any shares carrying voting rights through which it would be permitted to exert a significant influence on the issuer's management. In other words, the Management Company may not, on behalf of the Fund, purchase shares carrying voting rights of any company or other body if, upon such purchase, the Fund, together with other funds which may be managed by the Management Company, would own more than 10% of any shares carrying voting rights of such company or body.

It may acquire on behalf of the Fund a maximum of 10% of the non-voting shares, bonds and money market instruments issued by the same issuer and a maximum of 25% of the units of an Undertaking for Collective Investment in Transferable Securities or an Undertaking for Collective Investment. These limits shall not be applicable to the acquisition of bonds, money market instruments and target fund units if the total amount issued or the net amount of the units issued cannot be calculated at the moment of the acquisition. They shall also not apply inasmuch as these transferable securities and money market instruments are issued or guaranteed by a member state or its central, regional or local authorities as well as by a third country, or are issued by international organizations under public law to which one or more member states of the EU belong.

- IV. The limitations stated in sections II. and III. refer to the time the assets are acquired. If the percentages are exceeded subsequently as a result of price developments or due to reasons other than additional purchases, the Management Company shall immediately strive to normalise this situation as a priority objective, taking into account the interests of the Unitholders.
- V. Securities (reverse) repurchase agreements and securities lending transactions are not concluded for the Fund.
- VI. 1. In particular, on behalf of the Fund the Management Company may enter into any type of swap transactions such as credit default swaps. In particular, the Management Company may enter into those swaps in which the Management Company and the counterparty agree to swap the returns generated by investments, a security, a money-market instrument, a unit of a fund, a derivative, a financial index, or a basket of securities or indices for returns from another security, money-market instrument, unit of a fund, derivative, a financial index, a basket of securities or indices or other investments. The Management Company is also authorised to use such credit default swaps for purposes other than hedging.

The contracting partner for credit default swaps must be a top-rated financial institution specialised in such transactions. Both the securities underlying 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 section III. Credit default swaps are valued on a regular basis using clear and transparent methods. The Management Company and the Auditor monitor the clarity and transparency of the valuation methods and their application. If differences are detected during monitoring activities, the Management Company will arrange to remedy the situation.

2. The Management Company may also acquire securities and money-market instruments in which one or more derivatives are embedded (structured products).

VII. On behalf of the Fund, the Management Company is authorised on a temporary basis to raise short-term loans of up to 10% of the Fund's net assets, provided that the Depositary agrees to the borrowing and the terms of the respective loan. 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 as well as the transactions listed under section V.

VIII. On behalf of the Fund, the Management Company shall not:

1. assume liabilities in connection with the purchase of partly paid securities, the aggregate of which including loans as stipulated in section VII. exceeds 10% of the Fund's net assets;
2. grant loans or act as guarantor on behalf of third parties;
3. acquire securities, the disposal of which is subject to any kinds of restrictions due to contractual provisions;
4. invest in real estate, whereby real estate-backed securities or money-market instruments or interest on such investments or investments in securities or money-market instruments issued by companies which invest in real estate (such as REITS), and interest on such investments are permitted;
5. buy or sell commodities or commodity contracts;
6. acquire precious metals or certificates on precious metals;
7. pledge or charge assets of the Fund, transfer them as collateral, or assign them as collateral, unless this is required within the framework of a transaction permitted under the Management Regulations. Such collateral agreements are applicable in particular to OTC trades
8. conduct short sales of securities, money market instruments or target fund units.
9. Restriction on Transactions with Interested Parties:

The Management Company shall, on behalf of the Fund, not sell, purchase or loan securities except the Units of the Fund, or receive loans, to or from (a) the Management Company, (b) its affiliated companies, (c) any director of the Management Company or its affiliated companies or (d) any major shareholder thereof (meaning a shareholder who holds, on his own account whether in his own or other name (as well as a nominee's name), 10 % or more of the total issued outstanding shares of such a company) acting as principal or for their own account unless the transaction is made within the restrictions set forth in the Management Regulations, and, either (i) at a price determined by current publicly available quotations, or (ii) at competitive

prices or interest rates prevailing from time to time, on internationally recognised securities markets or internationally recognised money markets.

The Management Company need not comply with the investment limit percentages above when exercising subscription rights attaching to securities which form part of the Fund's assets. If these limits are exceeded for reasons beyond the control of the Management Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Unitholders.

The Management Company may from time to time impose further investment restrictions as shall be compatible with or in the interest of the Unitholders, in order to comply with the laws and regulations of the countries where the Units of the Fund are placed.

## **CONFLICTS OF INTEREST**

The Management Company, the Depositary and all investment managers, investment advisors, Paying and Information Agents or distributors may, should the situation arise, act as managers, trustees, investment managers, administrators, registrar and transfer agent or distributor for funds that pursue investment objectives that are similar to the Fund's, or otherwise hold a stake in such funds. As a result it is certainly possible for one of these entities, in the course of its business operations, to become involved in a potential conflict of interest in relation to the Fund. In circumstances of this nature they must each ensure, at all times, that they comply with their obligations under the management agreement, the UCI administration agreement, the depositary agreement, the paying and information agent agreements, the investment management agreements, registrar and transfer agent agreements and distribution agreements, and that they will make every effort to find an appropriate solution for these conflicts of interest. The Management Company has set forth principles to ensure that an attempt is made to avoid conflicts of interest in all transactions as appropriate and, if they cannot be avoided, to deal with conflicts of interest such that the Funds and their unitholders are treated fairly.

Furthermore, the transactions indicated above may be executed with the Fund in the entity's own name or as an agent, provided these transactions are conducted under market conditions and in the best interest of the investors.

Transactions are deemed as executed under normal business conditions if: (1) a certified valuation of the transaction was obtained from a person who was recognised by the Depositary as independent and competent, (2) the transaction was executed under the best conditions on an organised stock exchange, in line with the rules applicable at that exchange or (3), if (1) and (2) cannot be complied with, the transaction was executed on terms which, in the opinion of the Depositary, were negotiated under normal business conditions and are customary in the market.

Conflicts of interest may arise as a result of transactions involving derivatives, OTC derivatives or techniques and instruments for efficient portfolio management. For example, counterparties of such transactions or representatives, intermediaries or other institutions that provide services in relation to these transactions, may be affiliated with the Management Company, the investment manager, investment advisor or with the Depositary. As a consequence, these institutions may generate profits, fees or other income, or they may avoid losses through these transactions. Conflicts of interest may also arise if the collateral provided by these institutions is subject to a valuation or haircut by an affiliated party.

The Management Company has set forth procedures to ensure that its service providers act in the best interest of the Fund when implementing trades and issuing orders on behalf of the Fund in the course of

managing the fund portfolios. For these purposes, all appropriate steps must be taken to achieve the best possible outcome for the Fund. The following must be taken into account in this respect: the price, the expenses, the probability of execution, the scope and nature of the order, the broker's research services for the investment manager or investment advisor, and all other factors that are relevant to execution of the order. Information on the Management Company's execution policy and all major amendments to this policy is available to unitholders on request, free of charge.

## **ISSUE OF UNITS AND RELATED COSTS**

Units of the Fund shall be issued by the Registrar and Transfer Agent on behalf of the Management Company, provided payment is made to the Registrar and Transfer Agent within the period indicated below. All Units carry identical rights. Subscription orders are forwarded from the respective account keeping entity, distributors and paying agents on behalf of the subscriber to the registrar and transfer agent.

All Units of the Fund shall be of the same class.

Units may be issued on any day which is a bank business day in Luxembourg and Frankfurt/Main (the "Valuation Date"), subject to the right of the Management Company at its discretion as stated hereafter, temporarily to discontinue such issue.

The minimum number for the initial application by an investor for purchase of Units is 300 Units and any initial and subsequent application shall be in an integral multiple of 10 Units.

The issue price per Unit will be the net asset value per Unit determined on the Valuation Date on which the application for purchase of Units is accepted by the Management Company or the Registrar and Transfer Agent, plus a sales charge of up to 3.25% of the net asset value in favour of banks and financial institutions acting in connection with the placing of the Units. The sales charge shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the Units are sold.

Applications for the issue of Units received on any Valuation Date prior to 7.00 a.m. Central European Time (CET) or 8.00 a.m. Central European Summer Time (CEST) by the respective account keeping entity, distributors, paying agents or at the Registrar and Transfer Agent will be dealt with on that Valuation Date. Any application received after 7.00 a.m. CET or 8.00 a.m. CEST by the respective account keeping entity, distributors, paying agents or at the Registrar and Transfer Agent is deemed to be accepted on the following Valuation Date.

Payment shall be made in USD in the form of telegraphic transfer to the order of the Registrar and Transfer Agent within 5 Valuation Dates counting from and including the day when the application is accepted. If the settlement in USD cannot be made on such fifth Valuation Date, the Management Company may accept another settlement cycle at its own discretion. Such settlement cycle shall not exceed ten Valuation Dates after the respective settlement date.

The issue price shall normally be paid in the currency of the Fund. Upon request of the Unitholder, the issue price may be paid in any other freely convertible currency. All conversion fees due are borne by the Unitholder.

If investors subscribe Units through certain Distributors, they may open an account in their own name and have the Units registered exclusively in their own name or in the name of an agent named by them. Correspondingly, all subsequent applications for the issue, redemption and conversion and other instructions must also be made through the Distributors.

All applications for Units made by investors resident or domiciled in Japan must be made through the Distributor in Japan, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. upon the terms and subject to the conditions contained in the Japanese language Prospectus, including information on the payment of sales and any other charges specified therein as well as information on any additional disclosures required in Japan. Copies of the Japanese language Prospectus may be obtained from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., at its address set out in section "BOARD OF DIRECTORS AND ORGANISATION". The Management Company will implement any required measure to avoid late trading provided that the late trading is to be understood as the acceptance of a subscription order after 7.00 a.m. CET or 8.00 a.m. CEST on the relevant Valuation Date and the execution of such order at the price based on the net asset value applicable to such Valuation Date.

The Management Company may, at any time at its discretion, temporarily discontinue, cease definitely or limit the issue of Units to persons or corporate bodies resident or established in certain countries or territories. The Management Company may also prohibit certain persons or corporate bodies from acquiring Units if such a measure is necessary for the protection of the Unitholders as a whole and the Fund.

Furthermore the Management Company may:

- (a) reject at its discretion any application for Units;
- (b) repurchase at any time the Units held by Unitholders who are excluded from purchasing or holding Units.

The Units have not been registered under the U.S. Securities Act of 1933 (the "Securities Act"), and the Fund has not been registered under the U.S. Investment Company Act of 1940. The Units may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions or to U.S. Persons (as defined in Regulation S under the Securities Act) except to certain qualified U.S. institutions in reliance on certain exemptions from the registration requirements of the Securities Act and with the consent of the Management Company. Neither the Units nor any interest therein may be beneficially owned by any other U.S. Person. The sale and transfer of Units to U.S. Persons is restricted and the Management Company may repurchase Units held by a U.S. Person or refuse to register any transfer to a U.S. Person as it deems appropriate to assure compliance with such Act.

Confirmation statements will be available to subscribers or their banks at the offices of the Management Company or the Registrar and Transfer Agent not later than seven Luxembourg bank business days from the date of payment of the subscription price. The Management Company may split or consolidate the Units.

#### **AUTHORITY TO CANCEL A BUY ORDER IN THE EVENT OF FAILED SETTLEMENT**

If timely payment of the purchase price is not made, an application for the issue of Units 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 Management Company bringing an action against the defaulting investor or their Distributor, or deducting any costs or losses incurred by the Fund or the Management Company against any existing holding of the investor in the Fund. In all cases, any confirmation of transaction and any money returnable to the investor will be held by the Management Company without payment of interest pending receipt of the remittance.

#### **REPURCHASE OF UNITS**

Unitholders may at any time request repurchase of their Units. Application for repurchase must be made in writing to the Registrar and Transfer Agent or the respective account keeping entity, distributors or paying agents and will be accepted only if made in multiple(s) of 10 Units (on and after 29 March 2019 1 unit). Redemption orders are forwarded from the respective account keeping entity, distributors and paying agents on behalf of the subscriber to the registrar and transfer agent.

The repurchase price per Unit will be equal to the net asset value of Units determined on the Valuation Date, on which the request is received by the respective account keeping entity, distributors, paying agents or the Registrar and Transfer Agent provided the request is received prior to 7.00 a.m. CET or 8.00 a.m. CEST on that day. Any repurchase request received after 7.00 a.m. CET or 8.00 a.m. CEST is deemed to be accepted on the following Valuation Date.

The Management Company will implement any required measure to avoid late trading as defined above.

No repurchase fee will be charged.

The Management Company shall ensure that an appropriate level of liquidity is maintained in the Fund's assets so that, under normal circumstances, repurchase of Units of the Fund may be made promptly upon request by Unitholders.

In the event of massive demand for redemptions exceeding 10 % of the net asset value of the Fund, the Management Company shall reserve the right, subject to prior approval of the Depositary, to redeem the Units at the valid redemption price only after it has sold appropriate assets without delay, while however, safeguarding the interests of all Unitholders. If the Management Company receives on any Valuation Date applications for redemption of a greater number of Units, it may declare that such redemption exceeding 10% limit may be deferred. On the next Valuation Date, such applications for redemption will be dealt with in priority to later applications.

The repurchase price may, depending on the net asset value of Units applicable on the date of repurchase, be higher or lower than the price paid at the time of subscription.

Payment of the repurchase price will be made by the Registrar and Transfer Agent in USD within 5 Valuation Dates counting from and including the day of acceptance by the Management Company of the application for repurchase. If the settlement in USD cannot be made on such fifth Valuation Date, such settlement cycle shall not exceed ten Valuation Dates after the respective settlement date. The Registrar and Transfer Agent is only obliged to make payment if there are no legal provisions such as exchange control regulations, or other circumstances (e.g. public holidays in countries in which investors or agents and service providers that take part in the settlement of payments are located) beyond the Registrar and Transfer Agent's control, forming an obstacle to the transfer of the repurchase price.

The repurchase price shall normally paid out in the currency of the Fund. Upon request of the Unitholder, the repurchase price may be paid out in any other freely convertible currency. All conversion fees due are borne by the Unitholder.

## **FIGHT AGAINST MONEY LAUNDERING AND FINANCING OF TERRORISM**

In accordance with international regulations and Luxembourg laws and regulations (including, but not limited to, the amended Law of 12 November 2004 on the fight against money laundering and financing of terrorism), the Grand Ducal Regulation dated 1 February 2010, CSSF Regulation 12-02 of 14 December 2012, CSSF Circulars 13/556 and 15/609 concerning the fight against money laundering and terrorist

financing, and any respective amendments or replacements, obligations have been imposed on all professionals of the financial sector in order to prevent undertakings for collective investment from money laundering and financing of terrorism purposes. As result of such provisions, the register and transfer agent of a UCITS must ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The register and transfer agent may require subscribers to provide any document it deems necessary to effect such identification. In addition, the register and transfer agent, as delegate, may require any other information that the Fund may require in order to comply with its legal and regulatory obligations, including but not limited to the CRS Law.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the Management Company nor the Registrar and Transfer Agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Unitholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

## **OTTAWA AND OSLO CONVENTION**

The fund refrains from investing in securities of issuers which, in the opinion of the Management Company, engage in business activities prohibited by the Ottawa convention on anti-personnel mines and the Oslo convention on cluster munition. In determining whether a company engages in such business activities, the Management Company may rely on assessments that are based on

- (a) research analysis from institutions specialized in screening compliance with said conventions,
- (b) responses received from the company in the course of shareholder engagement activities, as well as
- (c) publicly available information.

Such assessments may either be made by the Management Company itself or obtained from third parties, including other Allianz Group companies.

## **LEGAL POSITION OF INVESTORS/UNITHOLDERS**

Each Unitholder holds an interest in the Fund's assets, which is reflected by the number of Units held. All Units issued confer the same rights. The Unit certificates may be issued as bearer certificates and/or registered certificates, each of them representing one or more Units. Fractional Units are issued down to one thousandth of a Unit. The Unit certificates are transferable on the analogy of the provisions of Articles 40 and 42 of the law relating to Commercial Companies of 10<sup>th</sup> August 1915 (as amended). With its transfer, the rights vested in a Unit are passed.

The Management Company and/or the Registrar and Transfer Agent regard(s) the holder of the Unit certificate as the beneficiary in the case of a bearer certificate, while in the case of a registered certificate, the beneficiary is considered to be the person whose name is entered in the register of Unitholders maintained by the Registrar and Transfer Agent. At the discretion of the Management Company, the Registrar and Transfer Agent may issue a Unit confirmation on the Units acquired instead of a registered certificate. The Units issued as bearer certificates are vested in global certificates. There is no claim on issue of physical securities.

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 compliance with the provisions on the protection of individuals with regard to the processing of personal data and on

the free movement of such data (the "Data Protection Directive") as transposed in applicable local laws, (ii) the Regulation (EU) 2016/679 of 27 April 2016 (the "General Data Protection Regulation") as well as any applicable law or regulation relating to the protection of personal data (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 and Transfer Agent, the Paying and Information Agent, the Auditor, legal and financial advisers and other service providers of the Fund (including its information technology providers) and, any of the foregoing respective agents, delegates, affiliates, subcontractors and/or their successors (collectively the "Service Providers") 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 and Transfer 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.

Investors may also exercise their rights such as the rights to access to or have Personal Data about them rectified or deleted, the right to ask for a restriction of processing or object thereto, the right to data portability, the right to lodge a complaint with the relevant data protection supervisory authority and the right to withdraw consent after it was given. The privacy notice referred to below contains more detailed information concerning these rights and how to exercise them.

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>.

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

## **DETERMINATION OF THE NET ASSET VALUE OF UNITS**

The net asset value, the issue price and the repurchase price per Unit of the Fund ("Net Asset Value") is determined in USD once daily on each Valuation Date.

The Net Asset Value per Unit is computed by the Depositary on each Valuation Date by dividing the total net assets of the Fund by the number of Units outstanding.

The assets of the Fund shall be deemed to include:

- (a) all cash on hand or on deposit, including any interest accrued thereon;
- (b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered);
- (c) all bonds, time notes, units, stock, debenture stocks, subscription rights, warrants, options, future contracts and other investments and securities owned or contracted for the Fund;
- (d) all stock, stock dividends, cash dividends and cash distributions receivable by the Fund (provided that the Depositary may make, on behalf of the Fund, adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
- (e) all interest accrued on any interest-bearing securities owned by the Fund except to the extent that the same is included or reflected in the principal amount of such security;
- (f) all forward currency contracts or other hedging instruments;
- (g) the preliminary expenses of the Fund insofar as the same have not been written off; and
- (h) all other assets of every kind and nature, including prepaid expenses.

The liabilities of the Fund shall be deemed to include:

- (a) all loans, bills and accounts payable;
- (b) all accrued or payable administrative expenses;
- (c) all known liabilities, whether billed or unbilled, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Management Company on behalf of the Fund where the Valuation Date falls on the record date for determination of the person entitled thereto or is subsequent thereto;

- (d) an appropriate provision for future taxes based on the total assets and income to the Valuation Date and other reserves, as determined from time to time by the Depositary with the approval of the Management Company; and
- (e) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by Units in the Fund. In determining the amount of such liabilities the Depositary may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

The Net Asset Value per Unit is made available at the registered office of the Management Company, the Luxembourg branch of the Management Company, the Depositary, the Distributor and the Paying and Information Agents.

To the extent possible, the Fund shall be valued so that all agreements to purchase or sell securities are reflected as of the date of execution, and all dividends receivable and distributions receivable are accrued as of the relevant ex-dividend dates.

## **SUSPENSION OF DETERMINATION OF NET ASSET VALUE**

The Management Company may temporarily suspend the determination of the net asset value of Units and in consequence the issue and repurchase of Units in any of the following events:

- when one or more stock exchanges or markets, which provide the basis for valuing a substantial portion of the assets of the Fund, or when one or more foreign exchange markets in the currency in which a substantial portion of the assets of the Fund are denominated, are closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;
- when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Management Company, disposal of the assets of the Fund is not reasonably or normally practicable without being seriously detrimental to the interests of the Unitholders;
- in the case of a breakdown in the normal means of communication used for the valuation of any investment of the Fund or if, for any reason, the value of any asset of the Fund may not be determined as rapidly and accurately as required;
- if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchases and sales of the Fund's assets cannot be effected at normal rates of exchange.

Any such suspension will be notified to those Unitholders who have applied for issue or repurchase and shall be published, if appropriate, in the manner described under the heading "Unitholders' Information".

## **Protection of unitholders in case of a NAV calculation error**

The NAV of the Fund and/or the Fund's unit class will be calculated when the rules laid down by law, the constitutional documents and/or the prospectus of the 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.

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 Circular CSSF 24/856 (the “Materiality Threshold”) on the protection of investors at UCI level, repealing CSSF Circular 02/77 with effect from 1 January 2025, has been exceeded or reached.

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 delay a material NAV calculation error for the Fund / the Fund’s unit 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, in order to determine the sums which must be repaid to the Fund and/or the investors that have suffered a loss as a result of the error,
- adapting the accounts and records of the Fund and/or the Fund’s concerned unit 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 Fund / the Fund’s unit 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 Fund / concerned unit 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 units of the Fund) 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 units of the Fund 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 units of the Fund 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 units of the Fund 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.**

## **VALUATION OF THE ASSETS OF THE FUND**

The assets of the Fund will be valued as follows:

- (a) Assets that are officially quoted on a stock exchange are valued at the last available traded price;
- (b) Assets that are not quoted on a stock exchange but dealt in on a regulated market or on another organised market are also valued at the last available traded price, provided that the Depositary, at the time of valuation, considers this price to be the best possible price at which the securities might be sold;
- (c) Assets whose prices are not fair market prices, as well as all other assets, are valued at their probable realisation value, determined prudently and in good faith;
- (d) Cash is valued at its face value plus accrued interest;
- (e) Financial futures contracts relating to currencies, securities, financial indexes, interest rates and other permissible financial instruments and options thereon and corresponding warrants shall, in so far as listed on a stock exchange, be valued at the most recent price of the stock exchange in question. If there is no stock exchange listing, in particular with regard to all OTC trades, valuation shall be at the probable realisation value to be determined prudently and in good faith;
- (f) Interest rate swaps are valued at their market value referring to the applicable interest rate curve;
- (g) Swaps tied to indices and to financial instruments are valued at their market value, which is determined referring to the "financial index concerned" or the financial instrument concerned;
- (h) Target fund units in undertakings for collective investment in transferable securities or undertakings for collective investment are valued at the latest redemption price determined and obtainable;
- (i) Time deposits shall be valued at the yield price if an appropriate contract, in accordance with which these time deposits are callable at any time, has been concluded between the Management Company and the counterparty, and the yield price corresponds to the current value including accrued interests; and
- (j) Assets which are not denominated in USD are translated into USD at the most current middle-market rate of exchange.

In the event that extraordinary circumstances render such valuations impracticable or inadequate, the Depositary, with the consent of the Management Company is authorised, prudently and in good faith, to follow other rules in order to achieve a fair valuation of the assets of the Fund.

## **FEES AND FUND EXPENSES**

The Management Company is entitled to a fee ("all-in-fee"), payable monthly, out of the assets of the Fund, at an annual rate of 1.50 % of the average daily net asset value of the assets of the Fund during the relevant month.

The fees payable to the investment manager or investment advisor will be paid by the Management Company.

The Management Company regularly passes on part of its all-in-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. 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 all-in-fee.

The all-in-fee covers the following fees and expenses, which are not charged separately to the Fund:

- management and UCI administration agent fees
- fee for the Agent Company in Japan
- fee for the Depositary and expenses for depositories;
- fee for the Registrar and Transfer Agent;
- costs for the preparation (including translation) and mailing of the Prospectus, Management Regulations, key information documents, the annual, semi-annual and, if any, interim reports as well as other reports and notifications to Unitholders;
- costs of publishing the Prospectus, Management Regulations, key information documents, annual, semi-annual and, if any, interim reports, other reports and notifications to Unitholders, tax information, as well as subscription and redemption prices, and the official announcements made to the Unitholders;
- costs of auditing the Fund by the Auditor;
- costs of registering the Unit certificates for public distribution and/or the maintenance of such registration;
- costs for preparing the Unit certificates and, if any, coupons and coupon renewals;
- paying agent and information agent fees;
- costs of assessing the Fund by nationally and internationally recognised rating agencies;
- expenses in connection with the establishment of the Fund.

Any reasonable disbursements and out-of-pocket expenses incurred by the Agent Company will be borne by the Fund.

Any reasonable processing fee incurred by the Depositary will be borne by the Fund.

Apart from these fees and charges, the following expenses are borne by the Fund:

- costs arising in connection with the purchase and sale of assets (including any research and analyst services made available in accordance with market practice);
- costs for assertion and enforcement of justifiable legal rights of the Fund or any existing unit class and for defence against claims made against the Fund or any existing unit class that seem unjustified;
- costs for examination, assertion and enforcement of any claims for reduction, offsetting or refund of withholding taxes or other taxes or fiscal levies.

If the investor is advised by third parties when acquiring units 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 fund level, which include the 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 fund

investment held within a long-term client relationship.

The costs incurred by the Fund (or the respective unit class) 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 Fund (or of the average volume of the respective unit class) ("Ongoing Charges"). In addition to the all-in-fee as well as the *Taxe d'Abonnement*, all other costs are considered except for the incurred transaction costs as well as possible performance-related fees. Costs incurred will not be subject to cost compensation. If the Fund invests more than 20 % of its assets in other UCITS or UCI that publish ongoing charges, the ongoing charges of these other UCITS or UCI are taken into consideration when calculating Ongoing Charges for the Fund; however, if these UCITS or UCI do not publish their own ongoing charges, then it is not possible to take the ongoing charges of the other UCITS or UCI into consideration when calculating Ongoing Charges. If a 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.

## REMUNERATION POLICY

The main components of monetary remuneration are the basic salary, which typically reflects the duties, responsibilities and experience that are required for a particular function, and an annual variable remuneration based on specific discretionary principles. The variable remuneration usually includes both an annual bonus payment in cash after the end of each financial year and a deferred component for all employees whose variable remuneration exceeds a specified level.

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 fluctuates 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 our core values of excellence, passion, integrity and respect. These indicators also include findings that there are no material breaches of regulatory requirements or deviations from compliance and risk standards, including the Management Company's policy for managing sustainability risks.

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.

In order to link individual performance with long-term value creation for our clients and shareholders, a significant portion of the annual variable remuneration of senior employees is deferred for three years, starting from a defined variable compensation level.

Deferral rates increase in line with the amount of variable compensation. Half of the deferral is tied to the performance of the company, and the other half invested in the funds we manage. For investment professionals it is expected they will invest in funds they manage and support, further aligning their interests with those of our clients.

The amounts ultimately distributed in the framework of the long-term incentive awards depend on the

company's business performance or the performance of certain investment 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.

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

Individual variable compensation may be reduced or withheld in full if employees violate our Compliance policies or take excessive risks on behalf of the company. The Risk and Compliance functions will jointly report such cases to the Global Remuneration Committee.

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.

In addition, deferred parts of the variable compensation increase in line with the variable compensation amount and are paid out only after a three-year waiting period. The deferred compensation elements can be withdrawn under the plan and depend on the company's and the fund's performance so that a considerable part of the total compensation depends on multi-year value added.

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.

## **DISTRIBUTIONS**

The Management Company may distribute net investment income, net realized and unrealized capital gains and capital available for distribution.

Distribution is intended to be made monthly to Unitholders registered at the close of business on the 15<sup>th</sup> day of each month.

Amounts of up to USD 5 payable to one Unitholder at one time distributions shall not be distributed and are forfeited.

Payments in connection with any distributions are made in USD and no later than ten Valuation Dates after the respective distribution date. The Registrar and Transfer Agent is only obliged to make payment if there are no legal provisions such as exchange control regulations, or other circumstances (e.g. public holidays in countries in which investors or agents and service providers that take part in the settlement of payments are located) beyond the Registrar and Transfer Agent's control, forming an obstacle to the transfer of the distribution.

If the total net assets of the Fund would fall below USD 10,000,000.-, the Management Company may decide that no further dividends will be distributed.

No distribution may also be made as a result of which the total net assets of the Fund would fall below the equivalent in USD of EUR 1,250,000.-.

Distributions not claimed within five years from their due date will lapse and will revert to the Fund.

## **APPLICABLE LAW AND JURISDICTION**

The Management Regulations are governed by the laws of Luxembourg and any dispute arising between the Unitholders, the Management Company and the Depositary will be subject to the jurisdiction of the District Court of Luxembourg.

Notwithstanding the foregoing, the Management Company and the Depositary may subject themselves and the Fund to the jurisdiction of the courts of the countries in which the Units of the Fund are offered and sold with respect to claims by investors/Unitholders resident in such countries, and with respect to matters relating to subscription and repurchase by Unitholders resident in such countries, to the laws of such countries.

The claims of the Unitholders against the Management Company or the Depositary will lapse five years after the date of the event which gave rise to such claims.

## **GOVERNING LANGUAGE**

English shall be the governing language of the Management Regulations.

## **TAX STATUS**

In the Grand Duchy of Luxembourg, the assets of the Fund are subject to a “*Taxe d’Abonnement*”, currently 0.05% p.a., which is levied upon the net assets reported at the end of each quarter, unless the assets are invested in Luxembourg funds which are themselves subject to a “*Taxe d’Abonnement*”. The income of the Fund is not subject to tax in Luxembourg. However, it may be subject to possible withholding taxes in countries in which the Fund’s assets are invested. Neither the Management Company, the Depositary nor an investment manager collects receipts for such withholding taxes on behalf of individual or all Unitholders.

At present, distributions and accumulations on Units are not subject to any deductions of withholding tax in Luxembourg, subject to the provisions of the following paragraph. The Units held or income received by Unitholders who are not resident in Luxembourg, or who do not maintain a permanent business operation there, are not currently subject to income, gift, inheritance or any other taxes in Luxembourg, but are subject to their respective national tax regulations, as well as, if applicable, the tax regulations of the country in which the Units are held in custody. If an investor is uncertain about his tax status, we recommend that he consults his legal or tax advisor.

## **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 (“AEOL”) 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 are 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 Fund 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 Fund may require additional information from Investors.

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

The Fund 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.

Unitholders are advised to inform themselves about the tax consequences of subscription, purchase, holding, redemption or any other disposal of units or earning income (e.g., through distributions of the Fund or any accumulation) in the framework of the laws in a Unitholder's country of citizenship, residence, domicile or in which a Unitholder has his units 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 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 Management Company may be required to withhold tax in respect of non-compliant Unitholders 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 Management Company will likely require additional information from Unitholders in order to comply with these provisions. Each prospective Unitholder should consult its own tax advisers on the requirements under FATCA applicable to it. The Management 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 Unitholder or intermediary must inform the Management Company within 30 days.

## **ACCOUNTING YEAR**

The accounts of the Fund are closed each year on 30<sup>th</sup> June.

## **ACCOUNTING**

The Fund and its accounts are audited by a certified auditing firm appointed by the Management Company. The Management Company publishes audited annual reports for the Fund no later than four months after the end of each accounting year including the requirements stipulated in CSSF Circular 14/592 of 30 September 2014 in particular. The Management Company publishes an unaudited semi-annual report for the Fund within two months of the end of the first six months of the accounting year. The respective reports can be obtained from the Management Company, the Depositary, the Distributor and the Information Agents.

## **AUDITOR**

The auditor of the Fund is PricewaterhouseCoopers, *Société cooperative*, Luxembourg. The auditor of the Fund is appointed by the Management Company and shall, with respect to the assets of the Fund, carry out the duties provided by the Law.

## **UNITHOLDERS' INFORMATION**

Any other financial information to be published concerning the Fund or the Management Company, including the daily net asset value of the Units of the Fund and any suspension of such valuation, will be made available to the public in those countries in which Units of the Fund are sold to the general public. The issue and repurchase prices can also be obtained from the Management Company, the Distributor, the Depositary and the Paying and Information Agents.

All notices to the investors in the Fund shall be made via <https://regulatory.allianzgi.com>, provided this is permitted under the laws and regulations of every jurisdiction in which the Fund is admitted for public

distribution. Specifically, this shall not apply to the liquidation or merger of funds/unit classes or other measures that are listed in the Fund's management regulations and/or Luxembourg laws, or on the request of the CSSF.

The prices may also be retrieved via Reuters (REUTERS page ALLIANZGI01) and on the Internet at <https://lu.allianzgi.com>.

Neither the Management Company nor its Distributors or Paying and Information Agents or the Depositary shall be liable for any errors or omissions in the published prices.

## **AVAILABLE DOCUMENTATION**

Copies of the following documents are available at no charge at the registered office of the Management Company, of the Luxembourg branch of the Management Company or at the Distributor and Information Agent during normal business hours on each business day:

- (1) The Consolidated Management Regulations;
- (2) The Depositary Agreement between the Management Company and State Street Bank International GmbH, Luxembourg Branch;
- (3) The Investment Management Agreement between the Management Company and the Investment Manager;
- (4) The Articles of Incorporation of the Management Company;
- (5) The latest annual and semi-annual reports of the Fund;
- (6) Prospectus and key information documents.

## **NOTE FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY**

All payments to Unitholders (proceeds from redemptions, any distributions and other payments) can be made through the German Paying Agent listed in the "Board of Directors and Organisation". Redemption orders may be submitted through the German Paying Agent.

With respect to the distribution in the Federal Republic of Germany, the issue and redemption prices are published on the internet on the website <https://de.allianzgi.com>. Any notices to the investors are published on the webpage <https://de.allianzgi.com>. For selected unit classes (e.g. unit classes exclusively for institutional investors) publication can be performed on one of the websites <https://regulatory.allianzgi.com> or <https://lu.allianzgi.com>.

Under Section 298 (2) of the German Capital Investment Code (KAGB), investors in the Federal Republic of Germany are also informed in the following cases by means of permanent data carrier as defined in Section 167 KAGB:

- Suspension of redemption of Units in the Fund,
- Notice of termination of Fund management or liquidation of the Fund by the Management Company,
- Amendments to the Management Regulations that are not compatible with the existing investment principles, that affect key investor rights or involve fees and reimbursement of charges that can be

withdrawn from the Fund, including the background to the amendments and the rights of the investors,

- In the event of a merger of the Fund with another fund, the merger information required under Art. 43 of Directive 2009/65/EC,
- In the event of conversion of the Fund into a feeder fund or the changes to a master fund in the form of information that must be prepared pursuant to Article 64 of Directive 2009/65/EC.

The Prospectus, the Management Regulations for the Fund, the current annual and semi-annual reports, the key information documents as well as the issue and redemption prices may be obtained as hard copy without charge at the Information Agent listed in the “Board of Directors and Organisation” and without charge on the website [www.allianzglobalinvestors.de](http://www.allianzglobalinvestors.de). For selected unit classes (e.g. unit classes exclusively for institutional investors) 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 or Transfer Agent, the Distributor or the Paying and Information Agents could be held liable for any mistakes or omissions which might occur with regard to the published prices.

### **Tax risks from hedging transactions for major investors**

It cannot be excluded that capital gains tax on German dividends and income from domestic equity-like profit participation rights that the investor originally obtains may not be creditable or refundable in whole or in part. The capital gains tax shall be fully credited or refunded if the investor (i) holds German equities and German equity-like profit participation rights for 45 days without interruption within a period of 45 days before and after the maturity date of the investment income (91 days in total) and (ii) bears at least 70% of the risk of a decline in value of the units or profit-participation rights without interruption throughout that entire 45-day period (so-called “45-day rule”). Furthermore, there should be no obligation to pay, directly or indirectly, the capital gains tax to another person (e.g. through swaps) for the purpose of offsetting capital gains tax. As a result, hedging or forward transactions that directly or indirectly hedge the risk arising from German equities or German equity-like profit participation rights may be detrimental. Hedging transactions on value and price indices are considered to be indirect hedges. To the extent that the Fund is to be considered a related party of the investor and enters into hedging transactions, such transactions may result in these being attributed to the investor, and the investor therefore failing to comply with the 45-day rule.

In the event of non-retention of capital gains tax on the corresponding income originally realized by the investor, hedging transactions of the Fund may result in being attributed to the investor and in the investor having to pay the capital gains tax to the tax office.